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Student Strikes Continue Throughout Country

AU2906105690 Sofia Domestic Service in Bulgarian 0900 GMT 28 Jun 90

[Text] We begin our midday newscast with some news on the development of the students strikes in various parts of the country:

The student sit-ins continue at the Blagoevgrad Higher Pedagogical Institute. The students have occupied the entire institute. The local academic councils are directing their efforts at ensuring that entrance examinations proceed as normal. A joint group composed of representatives from the strikers' committee and the local academic council is working on this task.

In a message to the Bulgarian President's Office and to the leaderships of all political forces, the academic council and the strikers' committee of students of the Sofia Higher Chemical-Physiological Institute insist that these leaders show political wisdom and tolerance by devoting all their efforts to settling the conflict and bringing the strike to an end. The declaration is signed by the rector of the Higher [word indistinct] Institute and by three representatives of the students' strike committee on behalf of the students.

The rector of the institute in question and the strike committee announce that there has been no change in the originally announced deadlines for accepting applications from candidate students and for the implementation of entrance examinations.

An agreement signed by the strike committee and the leadership of the Higher Institute for Food Industry in Plovdiv is being enforced as of today. According to the agreement, the schedules for the entrance examinations will not be disrupted and conditions for the diploma examinations will be guaranteed, and no urgent administrative or financial-accounting activities will be disturbed at the institutes.

The students' strike is supported by 139 lecturers, 235 citizens, and 26 candidate students. [passage indistinct]

As we already announced, the following agreements were achieved at a meeting between the strike committee and the leadership of the Sofia Karl Marx Higher Economic Institute:

The July examinations session has been interrupted as of today. All examinations taken between this date and the end of the strike, which developed from being originally a 72-hour warning strike into a real open-ended strike, are considered ineffective. The July session has been postponed until September 1990, while the supplementary examinations have been postponed until October 1990.

External students, students working on their diplomas, and foreign students are expected to take their examinations in the Economic Institute building on Ekzarkh Yosif Street in Sofia and at the Center for Postgraduate Studies of the Institute, while the candidate students will be received at the Karl Marx Institute Headquarters.

Farmers Union Threatens Action

AU2906135890 Sofia Domestic Service in Bulgarian 1300 GMT 29 Jun 90

[Text] In a declaration received by BTA, the Agricultural Cooperative Workers and Farmers Union condemns outright the strike weapon as a means for settling any issue. Pointing out that the student sit-in strike disturbs the calm and normal rhythm of the country's economic life, the agricultural workers, specialists, animal farmers, and machine operators declare that, irrespective of the political convictions combined in the agricultural cooperative workers and farmers union, they are working consistently to overcome the difficulties in supplying the market with all food products.

Later on, the declaration states as follows:

The Agricultural Cooperative Workers and Farmers Union in Bulgaria declares that if the political parties in the country fail to reach a decision before 5 July on the issue of the students' sit-in strike, from 6 July all the sections making up the union, with its headquarters in Plovdiv, will declare a five-day symbolic strike. If the sit-in strike in the higher education establishments is not called off, on 11 July this will be followed by the sending to Sofia along all the main roads of 5,500 combine harvesters, 3,700 tractors, and 3,400 other vehicles. These will block the entry and exit from the capital, in an effort to help in reaching a solution to the problem, the declaration states.

Students Receive Threats, Support

AU2906194590 Sofia BTA in English 1904 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—The Union of Cooperative Farms declared themselves to be against the students' sit-in strikes.

In a declaration made public today the union states that if the political parties do not find a solution to the problem of the students' strikes by July 5, 1990, the farmers are going to declare a five-day token strike. And if the students do not clear the universities by that time, they will send combines and tractors to Sofia which will block any entry and exit from the capital, the Union of Cooperative Farms threatens.

The farmers consider that carried away by political passions the parties, the radio and the television have forgotten the farmers' labour and the harvest.

At a rally organized in front of the University of Sofia by the Women and Mothers' Movement against Violence and the Women's Democratic Union the striking students were also reprimanded. The members of these movements disagree with the methods used by the students and with "the violence of their sit-in strikes," as one of the speakers put it.

One of the leaders of the Students Movement for Democracy also took the floor at the rally. We support the demands of our colleagues, but we are against the occupation of the universities, he said. Few of those present could hear him. They were surrounded by supporters of the striking students who expressed their discontent with "the traitors of the students" by emotional shouts.

A woman got hit. This was the only incident at the rally, which ended by forming spontaneously small groups arguing with each other.

What actually happened is that those at the top made us confront each other students against students, parents against their children, Bulgarians against Bulgarians, a young woman stated.

University teachers, students' parents and guarantors for the students' strike are continuing their relay hunger strike in front of the National Assembly.

The signatures of 700 lecturers from the Kliment Okhridski University of Sofia confirm their support for the students' strike. The signatures of the "cons" are 300.

The Human Rights Committee stated that they respect the right of the students to express their attitude to the negative phenomenon in the country, pointing out at the same time that it is "utterly inexpedient and unlawful to occupy buildings." The other students and citizens are deprived from the possibility of exercising their own rights, the committee says in a declaration.

The students' strikes are an expression of their public spirit. Citizens of Pleven and physicians from the hospital with the medical institute in the same town put their signatures under this text. They insist that the students should receive answers to their questions.

The students who occupied the University of Sofia have recently published a paper called PROTEST. Its total print is 50 thousand copies. The paper runs their declarations, news briefs about the strike, verses. "Waiting for the tanks" is a play written by Petur Mladenov, it is said in a joke published on the last page of the paper. According to the same joke there will be a big concert in Sofia with the participation of China tank and Timisoara tank band.

Pernik Supporters March to Sofia

AU3006194290 Sofia BTA in English 1901 GMT 30 Jun 90

[Text] Sofia, 30 Jun (BTA)—Supporters of the students' strike from Pernik, a working class town near Sofia, today delivered a declaration to the government. Dozens of supporters of the opposition Union of Democratic Forces (SDS) came from Pernik to the headquarters of Sofia University on foot to demonstrate their readiness to stand up for the students' demands.

The Sofia University students declared a sit-in strike on June 11. They were followed by their colleagues in most higher educational establishments around the country. In some places students and university teachers declared hunger strikes raising the same demands: publication of the parliamentary elections abuses, an expert examination of a videotape compromising President Petur Mladenov and televised in the SDS campaign slot, and the resignation of the Bulgarian Television chief.

The Bulgarian public has split into supporters and critics of the students strike.

The Bulgarian Association for Fair Elections today declared that it finds it difficult to perform its mediating role with the strikers. The students were about to end their sit-ins when they learnt about the threat of the Union of Cooperative Farms to besiege the capital city with combine harvesters and tractors if the students do not end their protest.

The students' strike committee and the Association for Fair Elections will give a news conference on Monday [2 July]. Representatives of the political parties have been invited to attend.

Farmers' Threats Denounced

AU0107184790 Sofia BTA in English 1801 GMT 1 Jul 90

["Students Do Not Want To Give In"—BTA headline]

[Text] Sofia, 1 Jul (BTA)—"We will bring the strike to the end. We won't give in," Krum Manuilov, a student at the Higher Institute of Drama Art, stated today. He spoke at a nation-wide rally convened in Sofia in support of the students' sit-in strikes.

Manuilov blamed President Mladenov for not having gone to the strikers to tell them the truth about the videotape on which he can be seen saying "The best thing to do is let the tanks come". He reproached Prime Minister Lukanov that it was only on the tenth day that Lukanov understood what the students who are occupying the university want. He accused the Bulgarian mass media of inciting the public against the students.

"We chose to occupy the universities because the other alternative was to leave Bulgaria," another student said.

Representatives of the strikers from all over the country took the floor at the rally.

Greek and African students backed up the students' demands.

University teachers also declared they support the students. "Now each Bulgarian Government will have to reckon with the students," Prof. Ivan Slavov from the University of Sofia said. He called upon the ruling circles "not to shoot at the white swans".

"We are with the people"—the slogan raised for years on end at the meetings the students had with leadership of the ruling Communist, today acquired a different meaning: "The people should be with us." [sentence as received]

The students' protest broke simultaneously on the day after the first round of the elections. The University of Sofia was occupied on June 11. Then the occupation of other higher institutes in different parts of the country followed. Students' hunger strikes were also declared.

The students insisted on making public the manipulations of the elections, on an expert opinion concerning the videotape exposing President Mladenov and on the resignation of the manager of the Bulgarian Television, Pavel Pisarev.

"Instead of a reply, we receive threats and proposals for agreement in ambiguous words," the students said at today's rally.

Political parties and movements, students' parents, intellectuals and the representatives of the Union of Democratic Forces at the Grand National Assembly declared their support for the students' demands.

Today the Nikola Petkov Bulgarian Agrarian Party came out with a declaration in support of the students. The declaration condemns the threats made against the students by the Union of Cooperative Farms.

The threat that tractors and combines will come to Sofia in protest against the students' strike was condemned today by the Radical Democratic Party, too.

In the meantime the deputy chairman of the Union of Cooperative Farms distanced himself from the threats-containing declaration. He said that the declaration was entirely the chairman's own deed.

Commentary on Students Causing 'Unrest'

AU2906172590 Sofia DUMA in Bulgarian 28 Jun 90 p 2

[Unattributed commentary "based on DUMA and BTA correspondents' reports:" "Efforts To Cause Unrest Are Also Occurring in the Provinces"]

[Text] As our local correspondent reports, the Payisiy Khilendarski University in Plovdiv has been occupied by students. About 30 people have blocked the entrance to the rector's office with an enormous poster carrying the inscripition: "We Demand Truth." According to the students, their strike is not related to any party affiliations and is organized in support of their Sofia colleagues. At a joint session of the Rectors' Council and the strike committee a mutually acceptable agreement was achieved. Only the rector's office building will be occupied, while the rest of the premises would be free so that examinations may proceed.

The two-day warning sit-in of students from the Higher Machine-Electrical Institute in Gabrovo is already developing into an all-out sit-in. Thus, June's examination session has already been jeopardized, and this affects thousands of regular and part-time students. The first negotiations between the strike committee and the institute's leadership have started.

A declaration of the students from the Lyuben Karavelov Teachers' Institute in Kurdzhali states that they are beginning a hunger strike in front of the Municipal People's Council building in that town.

With the exception of Plovdiv University, the situation in the other Plovdiv higher educational institutions is peaceful and the examinations are proceeding normally. This also applies to higher educational institutions in Varna. None of the scheduled examinations have been cancelled or postponed. Documents of candidate students are received everywhere.

Nevertheless, several students from the capital were repeatedly sent to Varna to incite the local students to strike. Senior students from the Sofia University Bulgarian language faculty distributed propaganda material in Varna. The material included a declaration of the Podkrepa trade union miners' federation, declarations of various coordination councils, a declaration of strikers at the Sofia Kliment Okhridski University, and a copy of a letter from Simeon Coburg-Gotha to the Sofia students in which he describes the student's unrest as "a courageous and selfless action."

At the same time, the strikers' behavior evoked the protest of other students who respect their demands, but by no means intend to adopt this form of resistance. In a protest declaration, the Plovdiv "anti-strikers," for example, state that such actions are directed against the interests of a wide circle of students and of their parents, affecting the autonomy of higher educational institutions.

Inhabitants of the village of Gorni Dubnik in the Pleven area, signed an appeal to all students on strike throughout the country in which they declared as follows: "We, the agricultural workers, and employees, urge you to stop the strikes and come to assist us in harvesting our rich crop. If it should be wasted, where will the financial resources for your education come from?"

Experts Still Trying To Verify Mladenov Clip

AU0107200290 Sofia BTA in English 1853 GMT 1 Jul 90

[Text] Sofia, 1 Jul (BTA)—The commission of experts which is to determine whether the video record concerning President Mladenov is authentic has not made its final decision yet.

On a frame shot on December 14 last year President Mladenov can be seen saying "The best thing to do is let the tanks come". He uttered these words after he failed to calm down the demonstrators expressing their discontent that the National Assembly had not canceled the article in the Constitution guaranteeing the leading role of the Communist Party.

On June 14 this year the video record was shown by the television studio of the Union of Democratic Forces (SDS) in its election campaign program. On the same evening President Mladenov stated that it was "a primitive montage which has nothing to do with reality".

The inspection of the original videocassette began on Friday [29 June] in the evening. The commission of experts which has been working ever since will continue its work tomorrow. It comprises representatives of the Prosecuting Magistracy, of the Union of Democratic Forces, specialists from the Institute of Criminology and eminent film directors. The author of the recording is also in the commission.

The members of the commission of experts agreed not to release any information before their work is finished.

The case is clear; the material is authentic, stated after the first day a prominent Bulgarian director who preferred to be anonymous.

Other filmmakers had expressed a similar opinion even before the commission started its work.

The authenticity of the material has been officially declared by the authors of the election studio of the opposition.

"If the president did pronounce these words, we will have to take into consideration his overall behavior. And it shows unambiguously that all the same the president is against violence", politologists Plamen Nikolov said on television last night and on radio today. He blamed the opposition for using the material for the purpose of destabilizing the democratic process in Bulgaria and undermining the prestige of the presidential institution. The reactions to the politologist's statement are contradictory. Most express disagreement with his statement. Mr. Nikolov doubts that the commission of experts will manage to prove the authenticity of the video record.

The members of the expert commission expressed, although not in public, their discontent with this statement which was made before their work is finished.

The author of the video material promised a BTA reporter to tell details as to how the recording of the president's statement was made when the experts' report is ready. He agrees on getting other experts' reports parallel, additional, with international participation.

Pollution Problems Discussed; Protests Reported

Strike Begins at Danube Bridge

AU2906210690 Sofia BTA in English 1951 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—This evening several hundreds citizens of Ruse declared a token sit-in strike at the Danube Bridge border checkpoint.

They are making a protest against the continuing pollution of the air in Ruse coming from Giurgiu.

The strike committee states that the strike will go on round the clock until Tuesday [26 June], when the prime ministers of Bulgaria and Romania, Mr. Andrey Lukanov and Mr. Petre Roman, are to hold a meeting. If the inhabitants of Ruse are dissatisfied with the results of the meeting, the strike will become an effective one.

But already this evening the nerves of some strikers could not stand the strain and blocked the traffic.

Token Strike Continues

AU3006164890 Sofia BTA in English 1535 GMT 30 Jun 90

[Text] Sofia, 30 Jun (BTA)—The five-hour blockade of the traffic through the Danube Bridge border checkpoint on the Bulgaro- Romanian border was lifted shortly after midnight without incidents.

Several hundred people responded to the Union of Democratic Forces' appeal for a token strike in Ruse in protest against the chemical pollution of the city from Giurgiu, Romania, which has been going on for nine years now. The union intended to carry on the strike round the clock until the meeting between the prime ministers of Bulgaria and Romania next week and, if the citizenry found its results unsatisfactory, to go ahead with an effective blockade of the border crossing. Part of the strikers did not comply with these plans last night and turned the token occupation of Danube Bridge into an effective stoppage of the cross-border traffic in both directions.

The coordinating strike committee today called on the people of Ruse for calm and public order.

The situation at the border checkpoint on the Danube is calm now. Several dozen citizens peacefully continue their round-the-clock token strike, waiting for the results of the forthcoming intergovernmental meeting which they want to lead to an "immediate shut-down of the plant in Giurgiu and to an expert appraisal by an independent international commission on ecological problems."

Border 'Blockade' Threatened

AU0107195890 Sofia BTA in English 1923 GMT 1 Jul 90

["Strike Goes On"—BTA headline]

[Text] Ruse, 1 Jul (BTA)—The drive of the population in Ruse is going on for three days now. They are protesting against the transboundary chemical pollution of the Danubian city. The token sit-in strike at the "Danube Bridge" Border Checkpoint does not create tensions in the area. The participants are waiting for July 4, when the time limit declared by the Coordinating Strike Committee for solving the ecological problem of Ruse expires.

This evening, however, a group of citizens effectively blocked the traffic in front of the checkpoint from 19:00 to 21:00 hrs. It became known that they responded to the appeal made by the spontaneously set-up organization Civil Disobedience. The strikers gave to the foreign passengers passing through the checkpoint in their cars leaflets in the Romanian and the English explaining the reasons for the sit-in strike.

This newly founded organization insists that the chemical plant in Giurgiu (Romania) should be immediately stopped and not put into operation before receiving the experts' report of an independent international commission. The declaration of the organization ends by an ultimatum that if these demands are not complied with by July 5, the Civil Disobedience Organization is going to declare an actual blockade of the Bulgaro-Romanian border. Until then its members and supporters will continue their effective sit-in strike every day from 19:00 to 21:00 hrs.

Lukanov Meets With Ruse Delegation

AU2906183790 Sofia BTA in English 1729 GMT 29 Jun 90

["Stop Giurgiu Plant and Refer to International Expert Commission, Ruse Demands"—BTA headline]

[Text] Sofia, 29 Jun (BTA)—The only way to clean the air in Ruse is to stop immediately the plant in Giurgiu (Romania), it is said in an address the public of Ruse has sent to the leader of Bulgaria's Government. The inhabitants of the Danubian city insist that the matter should be referred to an international commission of experts. They insist that the Bulgarian Government should take urgent measures for the settlement of the problem, otherwise the declared mass actions, civil disobedience included, will become effective.

Today a delegation of the public in the city, together with some national representatives at the Grand National Assembly, had a discussion with Prime Minister Andrey Lukanov that lasted more than three hours. He called upon the citizens of Ruse to seek to enhance their public contacts with the Romanian town of Giurgiu and hold a dialogue on the ecological problems of Ruse. The prime minister backed up the idea for referring the matter to an international commission of experts. He said that the Bulgaro-Romanian dialogue has still untapped possibilities and informed the delegation about the representations that will be made to the Romanian side.

Ruse has been suffering because of the air-pollution problem for nine years. Now a token strike has been declared and the people are ready to block the "bridge of friendship" spanning the Danube. Representatives of all political forces in the city act together and insist on the government's taking immediate measures for the settlement of the problem.

Giurgiu Chemical Plant Emissions Cited

AU2906183690 Sofia BTA in English 1605 GMT 29 Jun 90

[Text] Ruse, 29 Jun (BTA)—The transboundary pollution of the air in Ruse is continuing, its source being the gas emission of the chemical plant in Giurgiu. Today the culmination was between 0900 and 1030 hrs. There was no wind. The greatest concentration of chlorine compounds was measured in the eastern parts of the city where it exceeded the admissible limit 2.5 times; in other parts it exceeds the admissible limit 1.5 times. It has been established that the riverside is also contaminated by chlorine ions. From the talks of representatives of the Municipal People's Council of Ruse and of the authorities of Giurgiu it became clear that about eight o'clock this morning there was a break-down in the ammonia installation in the chemical plant which was rapidly removed.

Besides the chlorine pollution, as there was no wind in the morning, nitric oxide piled up near the thoroughfares. Although the concentration was found to be within the admissible limits, the concentration of sulphur dioxide was extremely high.

Diplomatic Protest to Romania Issued

AU2906183890 Sofia BTA in English 1746 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—By order of the Government of Bulgaria the head of the Department for Eastern Europe of the Ministry for Foreign Affairs, Mr. Ivan Katrandzhiev, today presented a note of protest to Mr. Constantin Petrescu, ambassador of Romania in Sofia, in connection with the regular poisoning of Ruse by hydrogen chloride coming from the chemical plant in Giurgiu and in connection with the latest pollution of the city on June 29, 1990, with ammonia.

A message from the prime minister of Bulgaria to the prime minister of Romania, Mr. Petre Roman, was also handed over to the ambassador, along with an address of the representatives of all political forces and public movements in this city. In the document of the public in Ruse it is insisted to settle the problem by referring the matter to an international commission of experts and to stop the chemical works in Giurgiu.

DUMA, Bulgarian TV Exchange Accusations

AU0107184890 Sofia BTA in English 1820 GMT 1 Jul 90

[Text] Sofia, 1 Jul (BTA)—Today DUMA, the paper of the Bulgarian Socialist Party (BSP), and the Bulgarian Television started an argument again.

The DUMA paper repeated its attacks against the television, accusing it of partiality to the opposition. According to DUMA the Association for Fair Elections, set up through the television and highly evaluated by the international observers, "is waging a war against common sense". Pavel Pisarev, the leader of the Bulgarian Television whom the students want to resign because of his socialist partisanship, is accused by the paper of his own party of "witch hunting", the implicated meaning being hunting the members of the BSP.

Pavel Pisarev appeared on television this evening to deny the allegations in the "anonymous note", as he defined the editorial published in DUMA. In his opinion by formulating these charges against the television the paper expresses its own opinion and not that of the broad public. He made some veiled attacks against the editorial staff, whose behavior he considers to be different from the line proposed by the leadership of the BSP.

BZNS, MRF Leaders on New Government's Support

AU2906205890 Sofia BTA in English 1921 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—The session of the Supreme Council of the Bulgarian Socialist Party (BSP) for the nomination of the new Bulgarian prime minister will be completed late tonight.

Our position has changed, Mr. Viktor Vulkov, chairman of the Bulgarian Agrarian Party (BZNS), said on television tonight. As a broad-based coalition government cannot be formed, the only other possibility is to form a cabinet comprising competent people who have proved what they are capable of, he said, adding that there are members of the BZNS who would accept to participate in such a government, if they are invited to.

I expect that the BSP and the Union of Democratic Forces (SDS) will find the bridge that will enable them to form a coalition government, the leader of the Movement for Rights and Freedoms (MRF), Mr. Ahmed Dogan stated. In his opinion there is no other way of guaranteeing the promotion of the democratic processes in Bulgaria. The MRF will give its support to a government that would guarantee the road to Europe, to authoritative countries such as France, the FRG, Britain, the United States, the Scandinavian countries, Mr. Dogan said.

At the Grand National Assembly the representatives of the MRF will defend the security of Bulgaria and will fight for rights and freedoms, Mr. Dogan went on to say.

For the time being the position of the SDS on the new government has remained unchanged: They absolutely refuse to enter a coalition.

'Sharp Criticism' of MRF Voiced at Sofia Rally

AU3006154890 Sofia BTA in English 1451 GMT 30 Jun 90

["For Consistent Ethnic Policy"—BTA headline]

[Text] Sofia, 30 Jun (BTA)—The Movement for Rights and Freedoms [MRF], a political organisation which has considerable influence among Bulgarian Muslims and which returned the third largest number of candidates to the Grand National Assembly after the Bulgarian Socialist Party and the Union of Democratic Forces, today drew sharp criticism at a rally staged here today by the Nationwide Committee for the Defence of National Interests. Part of the public blames the committee for nationalistic and chauvinistic leanings. The participants in the rally condemned the registration of the Movement for Rights and Freedoms as a political party and said that this act, which legitimized the existence of an ethnic-based political force, will have exceedingly dire consequences for the country.

At the rally the Movement for Rights and Freedoms was described as secessionist, and its purposes were said to include cultural and, later on, administrative autonomy.

The supporters of the Nationwide Committee for the Defence of National Interests do not recognize the existence of other nationalities in the country except the Bulgarian one and believe that the ethnic problems result from the grave abuses and the political games of all Bulgarian rulers.

The speakers who addressed the rally included military men, clergymen and representatives of other political forces from around the country.

Podkrepa Leader Trenchev on Future Government

AU2906135390 Sofia BTA in English 1321 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—When the future government is formed in most probability it will be a one-party government of the Bulgarian Socialist Party, and we will insist that every decision be made after extensive consultations with all parties concerned, especially with the trade unions. It is going to be difficult for the new government, because the party it will be formed by is responsible for the present economic crisis. We will back up only prospect-holding decisions and not the "patch by patch" system Todor Zhivkov made use of for so many years, stated the president of the Podkrepa Labour Confederation, Dr. Konstantin Trenchev.

In his opinion it is possible that the new government may wind up the inflation spiral. It may try to make up for the social discontent by issuing "pieces of paper." In the last 45 years the BCP [Bulgarian Communist Party] created an extremely ideologized economy and now it will have neither the authority nor the strength to carry out a transition, Dr. Trenchev said. He predicted that the new government would begin a series of palliative measures.

Dr. Trenchev did not renounce what he had said before the elections, namely, that Podkrepa is becoming depoliticized. This process will be enhanced, although it is difficult to draw a divide between pure policy and pure trade unionism, he pointed out.

Podkrepa is still a member of the Union of Democratic Forces. It unites more than 300,000 people now. He said that if it was not but for the elections and the election campaign in which Podkrepa's activists were engaged, the organization would have become bigger. In Dr. Trenchev's opinion the structure of the confederation has already been enriched. The age scope of its members has been considerably widened.

Podkrepa has several contact groups set up jointly with the Confederation of Independent Trade Unions in

Bulgaria (CITUB). One of the most important problems they have discussed is the general agreement with the government. It has not been signed yet, "because the government is silent on this point," Dr. Trenchev said, adding that CITUB has accepted the amendments proposed by Podkrepa.

Podkrepa's president did not rule out the possibility of establishing other points of contact with CITUB, but on the whole he is sceptical over the matter. In his opinion CITUB is still a formal organization closely related to the Communist Party. "The economic situation in Bulgaria is so bad that very soon every trade union organization will have the opportunity to show its worth," Dr. Trenchev said.

He pointed out that as to the facilities for its normal work, the present government subjected Podkrepa to discrimination. If the problem of suitable premises is not settled, the Podkrepa Confederation will have to occupy some buildings as squatters.

Arnaudov Calls for 'Stable National Policy'

AU2906124990 Sofia BTA in English 0819 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—Dimitur Arnaudov, leader of the Fatherland Party of Labour in Bulgaria, continues to express his discontent with the attempts to solve this country's national problem. In an interview with OTECHESTVEN VESTNIK carried today, he stresses the importance that the Grand National Assembly should work out a stable national policy with the participation of all political forces. This implies a constitutional, above-party regulation of the issue, Arnaudov stresses.

The leader of the Fatherland Party, which in the eyes of certain part of society is nationalistic, raises the issue about power in some of the cities with a large percentage of Turkish-speaking population. He believes that the two-coloured polarization which was outlined in this country's political life subdues the versatility of its problems. The problem is not, therefore, who the mayor of these villages will be, as Arnaudov thinks, but whether Bulgaria will not lose in future its role of a barrier against Islam.

Europe will not accept a country which does not have self-respect, a nation without its self-dignity and interests, Arnaudov goes on. He declares himself for consolidation of the strong forces from all political groups in the Grand National Assembly, which are expected to say: "Stop. Here is the nation. Here is Bulgaria. Here is what Islam should be."

Further Details on New Bulgarian Communist Party

AU0107181990 Sofia BTA in English 1619 GMT 1 Jul 90

[Text] Sofia, 1 Jul (BTA)—A new Bulgarian Communist Party (BCP) has been registered. According to its leader in May this year its membership was 15 thousand people, but most of the members of the former Communist Party, which has assumed the name of Bulgarian Socialist Party (BSP), would join the new BCP, he said. This became known from an interview with 65-year-old Vladimir Asenov, a teacher, who is chairman of the Central Committee of the BCP.

The new Communist Party unites adherents of Marx, Lenin and Dimitur Blagoev—the founder of the Bulgarian Marxist Party. It declares itself to be the successor of the former BCP, the "personality cult" and Todor Zhivkov's period being excluded. The new Bulgarian Communist Party will seek contacts with workers and communist parties abroad. It congratulated the newly elected leader of the restored Russian Communist Party.

Until recently the BCP went by the name of Party of the Working People and existed "as a hidden form of the BCP". In the elections it supported the BSP, although its members consider that the BSP is still a totalitarian party which has learnt nothing new and which has not forgotten its old methods.

Vladimir Asenov declared himself to be a fighter against the dictatorship of Todor Zhivkov, who, according to him, was a secret agent of the police before the establishment of the "people's power" in 1944 and later was appointed leader of the BCP under Khrushchev and Suslov's pressure. Mr. Asenov questions the changes in the BSP—"Not a single link of the chain has been changed", he said. He accused the BSP Supreme Council of manipulating the party organizations when a referendum was held as to the change of the party name from a communist into a socialist one and disputed the results of the referendum. In his opinion "a communist cannot become a socialist overnight".

The new BCP will make a claim for part of the property of the former BCP—the present BSP.

The leader of the new party stated there have been attempts to manipulate the leadership of the new BCP. According to him there is no democracy in Bulgaria yet.

Macedonian Leader Mikhaylov's Interview Covered

AU0107182490 Sofia BTA in English 1613 GMT 1 Jul 90

["IMRO Was Not Terroristic Organization, Vanche Mikhaylov Says"—BTA headline]

[Text] Sofia, 1 Jul (BTA)—The Internal Macedonian Revolutionary Organization (IMRO) was not a terroristic one, said its leader, Vanche Mikhaylov, in an interview given to the Every Sunday program of the Bulgarian Television, the second part of which was broadcast today. Vanche Mikhaylov condemned the fratricide within the organization, but at the same time he said that the capital punishments of the traitors of the Bulgarian national cause should be considered revolutionary acts.

The leader of IMRO denied again all possible allegations of the existence of a Macedonian nation, underlining that the question is about Bulgarians who remained outside the boundaries of Bulgaria due to a number of historical reasons.

Declaring himself to be for the restoration of the Macedonian Research Institute in Bulgaria, Vanche Mikhaylov condemned the rulers of Bulgaria for thoughtlessly scattering a big part of the archives related to the question of Macedonia.

Popular Civic Peace Movement Founded

AU2906175090 Sofia BTA in English 1555 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—The Independent Public Council for the Prevention of Violence in Political Life has made an appeal for setting up a national movement for civic peace.

The Movement for Civic Peace was founded today at a conference of the council which comprises representatives of the major political forces, the Orthodox Church, the Chief Mufti's Office, many parties and public organizations.

The idea is to enroll all public and political forces and all people who are striving for the building up of a democratic, humane and law-abiding state in Bulgaria.

It is expected that the movement will spread over the whole country by setting up local councils which will fight by peaceful means against appeals and drives that pose a threat to the civic peace.

Albanian President To Pay State Visit 'Soon'

AU2906121090 Sofia BTA in English 1134 GMT 29 Jun 90

[Text] Sofia, 29 Jun (BTA)—Ramiz Alia, president of the Presidium of the People's Assembly of Albania, has accepted the invitation of President Petur Mladenov and will soon visit Bulgaria, the Albanian side confirmed today.

President Petur Mladenov received Prof. Sofokli Lazri, special envoy of Ramiz Alia who addressed at him an oral invitation. They discussed issues of Balkan cooperation and future development of Bulgaro-Albanian relations.

Mladenov Receives Soviet Deputy Foreign Minister

AU2906175190 Sofia BTA in English 1605 GMT 29 Jun 90

[Text] Sofia, 29 Jul (BTA)—President Petur Mladenov today received the deputy minister of foreign affairs of the USSR, Mr. Yuliy Kvitsinskiy. They exchanged views on a wide range of problems of international affairs, paying special attention to the situation in Europe and in the Balkans. The two sides discussed the prospects for the promotion of cooperation in these regions. A shared desire was expressed for the further extension of Bulgaro-Soviet relations, which is to the interest of the two countries and their peoples.

Iraqi Reportage on Minister Bashikarov Visit

WA0207141690

For Iraqi reportage on the visit to Iraq of Foreign Economic Relations Minister Petur Bashikarov, see the Iraq section of the 28 June and subsequent issues of the Near East & South Asia DAILY REPORT.

Havel Speech to Federal Assembly 29 Jun

LD2906131190 Prague Domestic Service in Czech 0656 GMT 29 Jun 90

[Speech by President Vaclav Havel at the Federal Assembly session in Prague—live]

[Text] Esteemed Mr. Chairman, esteemed deputies, the time that I have been striving for and looking forward to for the entire six months of my presidential career has come—it is the time when I can congratulate you on being elected to this highest representative corps of our country. You are the first parliament after many decades to have been elected truly freely and which should be respected by the whole world as a legitimate representative of our peoples and an interpreter of its will. I congratulate you all truly sincerely and at the same time I congratulate all the citizens of our state on being at long last represented by those that they themselves elected.

I would like to use my right to address you from this platform so that I can think aloud about the basic tasks which our country is facing in the coming two years. I shall also talk about the tasks which, in my opinion, this Federal Assembly is facing and about the tasks of the Federal Government, which I appointed a while ago. Alongside this, naturally, goes the duty to explain to you why I appointed, after lengthy discussions with representatives of various political forces, with its designated chairman, the government that I did appoint. I shall try to be as brief as possible, despite all my explanations. My address, however, will, unfortunately be quite long. I may be excused, perhaps, because I am not being led by anything else but by an honest effort to contribute toward helping our country successfully pass through the difficult period that lies ahead.

As I have said many times, we must rebuild our state. The building blocks of this construction, as indicated, must be laid precisely in those two years which set the limit on your election period. These principles must be laid in an atmosphere of cooperation and fairly quickly. The semi-revolutionary period, which culminated in the recent free elections, pointed clearly to us that postponements without reason do not pay. What kind of state do we want to build?

This question was answered in general by our society, by its peaceful revolution against the totalitarian system and free elections from which this Federal Assembly also emerged. We want to build a modern democratic state. What does this mean? First of all, it means that on the basis of freedom of speech, freedom of assembly, and freedom of association, opportunities must soon be created for true political pluralism. I believe firmly that from the beginnings of this pluralism, which had been latent in our society and which developed fast in the months of the preelection campaign, distinct political forces will soon emerge. I firmly believe that new political personalities will soon acquire a specific profile and will enter the public conscience and that, up to the next election, our society will be politically crystallized into a relatively stable spectrum of viewpoints as it is in the countries in which the democratic system has existed uninterruptedly for a long time. These opportunities for political pluralism must, of course, be guaranteed by the Constitution, the laws, as well as other well- tried mechanisms of a functioning political system. To build an advanced democratic state further means legally to weigh the role and mutual relations of a legislative, executive, and legal power. It means to balance out anew the relation of the local self- administration and state administration at all levels and in all spheres of social life. The totalitarian system managed, for a mere 40 years, completely to break the fragile web of these relations which had been created by experiences of entire generations. We must markedly strengthen the role of villages, towns, and regions. But I shall return to this topic later.

I understand democracy as a form of state existence, as a manner of self-organization of society, as a form of human coexistence. This form, this manner, is not a result of random capriciousness of history and random social morphology, but is a result of the history of the human spirit. Thus, we cannot build a truly democratic state if we understand democracy as a mere conglomerate of systemic measures, formal rules of the game, or mere organizational tricks. We will only build it if we constantly bear in mind that democracy is only an outward expression of something very inward which cannot be modelled by any generation of computers or politological discoveries. Democracy is the work of the people who understood their inalianable human rights, as well as their human responsibility, who respect human rights and believe in the human responsibility of their fellow beings. It is the work of the people who are proud of belonging to humanity and to the human community, not despite the fact that they humbly bow to the secret order of existence, but precisely because of that.

It is only once we understand the authority of this order that we experience the miracle of our souls, which are capable of reflecting this authority, and our conscience, which reaches to this soul. Democracy is thus not only a system of protection of one group against the dangers presented by others, but it is also, and above all, a method of coexistence of all those who love each other and respect and honor each other. I am not talking about all this to detain you with my philosophical musings, but in order to explain why I am stressing so often that we must build a spiritual, cultural state, a humane state, and a socially just state, a state of educated people. A cultivated human spirit and developed moral conscience are the last true guarantee of a truly democratic political system without which, as it turned out, the economy cannot function either. In my opinion, our state must not save on investments into education and culture. It must not make savings out of principle. It must not make savings in the interest of our joint future. The economists must understand that every koruna invested wisely will return in the form of value which will be represented by a government of educated and cultivated personalities in the country in which one can breathe air, drink water, look at the beautiful countryside, and live in beautiful houses fit for people to live in.

I doubt whether Czechoslovakia could be made into such a country by anyone other than people who understand their task, think ahead, are honest, and have taste. Support for culture and scientific research cannot be tied to central control or the fulfillment of allotted tasks. On the contrary, the state must guarantee their independence and plurality by allowing funds to be distributed to them from the state budget independently of the state administration and in a truly competent way, and by permitting a plurality of financial resources, either by a system of subsidy offset against tax, by stimulating local government and enterprises to establish research facilities and cultural institutions, or in other ways. Similarly, the still unresolved issue of state support for the church, religious orders, and religious activity and institutions in general need to be thoroughly thought out and sooner or later dealt with in some way or another, which is generally expedient, because their work leads, albeit indirectly, to general spiritual, moral, and cultural elevation, or to protecting and improving buildings which are the cultural pride of our nations and which were so shamefully neglected by the former regime.

We wish, of course, to build a state with a prosperous economy. The two-year period ahead of us will, in my view, overlap more or less with the process of the fundamental transformation of the whole of our economy. This is a process without historical precedent, neither can it yet be said to have truly and fully succeeded in any other country. Changing the totalitarian centralized anti-economy [as heard] into a market economy which functions normally is an incomparably more difficult task than the various privatizations of state enterprises which we have witnessed so far, with some of them more successful than others. While the first steps on the path to this great transformation have been taken by the Government of National Consensus and approved by the previous parliament, the main work is yet to come. The policy statement which will be presented to you by the new government will contain a completely comprehensible view of the most important steps and operations, which should form the basis of that transformation. Your job as deputies will be to make well-informed judgments on the relevant economic bills and pass them in a responsible way, and to update the ones passed in the previous months to eliminate any errors which may have found their way into them.

The transformation of our economy into a market economy does not, of course, mean that the general policy of our state should be subordinated solely to economic interests. If we wish to build a truly humane state and if, as such, we wish to open up to the world or, as they say these days, return to Europe, then all the state bodies must make their decisions with this fundamental aim in mind. Their task is to manage the economic consequences of this policy. Our frequently declared intention of implementing reform in such a way that it does not lead to great social shocks, great inflation, or even to the loss of basic social guarantees must be understood by our economists as a task allotted to them. The objection "it can't be done" does not apply in this respect.

Until our peoples decide otherwise, the state we wish to build must be a truly federative one. That means it will link the two national republics, which have decided, in their own interest, to live in a federative alliance based on absolute equality, and to delegate certain tasks to the federal institutions. The task of balancing out the powers of the national and federal bodies and the legislative and executive powers so that the federative alliance does not restrict but, on the contrary, serves and promotes the development of the national republics will not be an easy one. There are spheres in which the best solution probably cannot be reached in the offices of the learned, but where life itself will point the way to the right solution. Certain steps, however, can be carried out immediately or in a very short time, and this applies in particular to the structure of the executive power—this is something I will come back to in greater detail when I talk about the Federal Government and the sphere of executive power in general.

As for the representative bodies, it will be the task of the new constitutions to redefine their structure and powers. Although work is in progress on drafting the new constitutions and various preliminary drafts already exist, it seems to me that the work is not adequately coordinated. If the constitutions now being drawn up do not form a single intrinsically consistent and logically intertwined whole, they will make life for us and those who come after us not easier, but more difficult. That is why I think that, on your authorization and that of both the national councils, a small group of the best Czech and Slovak minds should immediately begin work to draw up a truly competent draft federal constitution, and to work closely with those who are drafting the republican constitutions, or even to take a direct part in that drafting process. In my view, our future constitutions should be absolutely clear, concise, simple, and based on such principles that neither we nor our successors will have to amend them every year with more and more new constitutional laws and addenda.

I admit that where the representative bodies are concerned, of all the suggestions made so far the one I like best is that we should have one smaller—let us say 150-strong—federal parliament as the supreme body of our federation, which should decide on a unified strategy for it. It would probably be right to elect deputies to such a parliament in a way as would emphasize more clearly the role of specific politicians and, in comparison with the election law which applied when we went to the polls this time, would weaken to some extent the role of the political parties and their organizations. Both the national republics would then have their own parliament or chamber. In my view, this need not be large either. In cases where the principle of the majority vote needs to be excluded from voting on federal issues, a joint session of these two national parliaments would form the second chamber of the federal parliament—in other words, it would fulfill the role currently played by the Chamber of the Nations. It seems to me that this kind of structure would be incomparably simpler, more productive and, last but not least, less expensive than the current system of four—or even five—parliamentary bodies.

I do not rule out the possibility that better proposals exist or could yet arise, but whatever the case, I am deeply convinced that if you are to discharge your main task within two years—that of passing a new Constitution for our federation—it is vital that the proposed team of experts begins to work immediately, and that it presents the results of its work as soon as possible for assessment by other experts, the political forces, governments, representative bodies, and the general public. Directly associated with establishing a genuinely federative state is the task of clearly thinking out, clearly articulating and implementing—in addition to the constitutional and legislative work in general—our nationalities policy, and more precisely our policy with regard to members of the other nationalities and various ethnic groups living in our country, because members of other nationalities make up 10 percent of the population of our state. Many others feel themselves to be Czechs, Moravians, or Slovaks, but, at the same time, they make up independent ethnic or ethno-cultural groups. In addition to the individual rights and duties which all the citizens of our federative state have, certain collective rights for these minorities need to be reformulated in keeping with the times, and sensitively augmented.

Perhaps you are asking why I did not talk about the legal structure of our state right at the start of these considerations instead of at this point. I have a good reason for this: Our 22 years of experience of federalized totalitarianism as a merely administratively more complicated form of communist centralism has adequately convinced us that without democracy, no authentic federation is imaginable. That is why, logically, I first had to talk about the political shape of the state we wish to build, and only then about its legal setup.

To wind up this general consideration of the tasks, our country will have to cope with in the next few months and years, I would like to make two points. First, our federative state should not be based on any official ideology or political doctrine, even if it is a thousand times better than that of the system we overthrew. The foundations of the state and the whole of its policy should be fused together by a single basic idea—that of respect for the unique human being, respect of human rights in the widest sense of the world, and therefore also of social and economic rights, and respect for the natural, material, and cultural legacy of our predecessors. Concern for the environment and the natural order should no longer be the hobby horse of a few associations nor merely the subject of warnings by ecological experts who have no clout; it must be one of the basic guiding principles in building up our economy and energy system and in gradually restructuring our industry and agriculture.

It still remains for me to mention our foreign policy. Our nations cannot live in peace, feel safe, and cooperate as friends with all other nations unless Europe as a whole lives in peace and unless, as a whole, it faces up to the threat of ecological catastrophe. It is therefore in the vital and direct interest of our country, all the more so since it lies in the geographical center of our continent, to pursue the enterprising foreign policy whose first steps have already been taken in the last six months. Anything we can do for the speedy political integration of Europe as a whole we do in our own vital interests.

Ladies and gentlemen, in the context of these very general considerations about the nature of the state we wish to build, allow me now to pause at least briefly on some of the tasks that I believe this Federal Assembly—and that means all of you—will have to face. Your task is far more than merely to draft and approve a new Federal Constitution. This will merely represent the culmination of your work and the icing on the cake. Neither is it your task merely—as it is the main task of every proper parliament—to subject the work of the government and the whole executive power as a whole to ongoing and thorough scrutiny, although this is something you also have to do, because your voters elected you to do this, among other things, on their behalf. Your most difficult task will be something different—to completely restructure our legal system. You will have to adopt many dozen new laws, all of which will have to be interlinked and intertwined into a single modern legal system, so each of them has to anticipate to a greater or lesser extent the existence of all the others. This task of yours will be complicated by the fact that the whole of this legal system will have to anticipate, at least approximately, the shape of what you have to approve at the end of the day, which is our future three constitutions. It would be absurd to build our legislature against the backdrop and in the spirit of a Constitution which we all know is bad and will be replaced by a new one.

However, if all the laws adopted are to be truly effective, it will unfortunately be necessary to adopt new constitutional laws to make running repairs to the existing Constitution, which therefore has yet to see a considerable number of constitutional amendments enacted. However, there is no other way, unfortunately. I firmly believe that a constitutional court will be set up soon, and, in my view, it should be based in Brno, and that the watchful eye of that institution will constantly judge and scrutinize your work. Not only will the laws you adopt have to be submitted to the vote of confidence of your colleagues of many different political persuasions, not only will they have to be drafted professionally and discussed competently, they will also need to be adopted relative quickly. I have been repeatedly convinced that in this period of turbulence, many of the problems that have accumulated or arisen out of the blue and are not resolved tomorrow only become three times larger the day after. In short, I do not envy you your task, and you have every reason to envy those candidates who did not get into parliament.

They will observe your frantic work calmly and at a distance, and if you make a false move, they will calmly and thoroughly pull it to pieces in the press, and thus boost their own chances in the next elections. Your work will of course be helped by this ongoing scrutiny from outside, but it decidedly will not make life any easier for you, nor will it do anything to make favorable political prospects for the future any the clearer.

Allow me now to refer to some laws which I consider, for various reasons, to be particularly important and topical. The first of these is the constitutional law whose draft has already been presented by the premier to your chairman, and which alters the structure of the federal bodies. The new situation in which we find ourselves and the fundamentally new tasks we are facing inevitably require a new structure of government than currently exists in keeping with the present Constitution. The urgency of such a change is also confirmed by the experience of the several months of work of the Government of National Consensus. I will refer specifically to the proposed changes when I speak about the government I have appointed, and whose composition I am obliged to explain to you.

When we put the government together, we took the liberty of assuming that you would approve the constitutional law being proposed. Therefore, we chose the members who make it up in order that once the new structure had been approved, there would not have to be any further significant changes in the duties of the ministers. The composition of the government therefore anticipates a new structure and it is, in fact, adapted to that structure, so it could be said that we have fresh milk standing in an old jug for a few days, and I firmly hope that we will soon be able to pour that milk out of the old jug and into a new one.

Among the main elements of the proposed constitutional law on the new structure of federal bodies is the establishment of a Federal Office for Economic Competition in Bratislava and a Federal Office for the Environment. Both institutions are to be set up by ministers. A Federal Ministry of Economy as well as a Federal Ministry for National Economic Strategy are also to be created. On the other hand, the State Planning Commissions, the State Commissions for Scientific-Technical and Investment Development, the Federal Ministry of Fuel and Energy, the Federal Ministry of Metallurgy, of Machine-Building and Electrotechnology, the Federal Ministry of Agriculture and Food are to be abolished, as well as the People's Control Committee, which is to be replaced by the Federal Ministry of Control. Further, a Federal National Property Fund, independent of the government, is to be set up. Its role will be to continue listing all property, rationalize it, and prepare the rules for stripping it of its anonymity, that is transferring it to specific owners. An early completion of the bill on the constitutional law on property should be part of this work.

Setting up the Federal Office for the Protection of the Constitution and Democracy should be an important intervention into the structure of the federal bodies. This office, too, should be a self-standing part of the executive power, independent of the government, accountable to the Federal Assembly. Its position would be comparable to the position of the General Prosecutor's Office of the CSFR. As the totalitarian system concentrated enormous lawful and unlawful power under the root of the Federal Ministry of the Interior, I think that it is practical and correct to divide some of its roles not only by reinforcing the national Ministries of the Interior and making their relation with the federal ministry more diaphanous, but also by making the Federal Office for the Protection of the Constitution and Democracy independent, making it into a relatively small but very productive and contemporary unit which would carry out effective intelligence work with regard to the danger of domestic and international terrorism, the propagation of racism, hatred between nations and violence, the international drug trade, and so on, and which would suggest to the minister of the interior ways of dealing with these dangers on time and effectively. It should also monitior activities which potentially endanger the environment, economic or political espionage work of some authoritative regimes and nanturally, as well as domestic antidemocratic conspiracies if there are any. Its staff will be civilians bounded by official secrecy. With regard to the considerable disquiet of our general public due to the uncertainty about the current activities of the former secret police members, the timely establishment of this office, which would be managed by unimpeachable people, would certainly be received with great satisfaction.

The revolution which preceded the free election and the election itself substituted the holders of central power with freely elected followers of our new democracy. We, however, must say that not much has been done on the lower levels of the state administration if we disregard some coopting and replacements. The top of the pyramid has been changed, but its extensive foundations are still persisting in the form of the power structures inherited from the time of the totalitarian regime.

The local elections in the fall should radically change this situation and definitely break up these remnants of the former regime, which are falling apart but which still exist. It is obvious that those elections will be at least as important as the elections which we have just experienced. Many people believe that it would not be right to elect local self- administrations by keeping the existing institutions which, in their construction and method of work, only copy the structure of centralized power of the CPCZ [Communist Party of Czechoslovakia] in the past. On the other hand, other people think that the entire local administration structure cannot be changed so quickly and radically without destroying the structure of state administration, and they recommend only smaller changes for the time being. Even the previous governments differed in their view of this problem. While the national governments recommended radical action and were afraid of preserving unsuitable structures, the Government of National Consensus supported gradual steps which would not run the risk of a complete breakdown of the entire state administration system. I personally think that there is no such threat and that there is a development toward the election of local administrations in which there would already be new village, town, and district representative bodies. It is a task for the nearest future to come to an agreement about the best solution if the consitutional law on local administration is to be adopted by a date which will not seriously jeopardize the holding of elections in the fall, which is approaching.

So far all who deal with this topic on a professional level agreed that:

1. The regions should be abolished as a superfluous link between the republic and the district.
2. The authority of villages and towns should be significantly reinforced.
3. The line of self-adminstration should be significantly reinforced—that is the line of elected bodies—at the expense of the executive and adminstrative line. So far, elected deputies were only symbolic pesons for the omnipotent apparatus, in the same way as was the case with the CPCZ.
4. The territorial division and the concrete structure and labeling of various localities and regions and their administration should be completely in the hands of republican bodies.
5. With regard to the Czech Republic, it is generally agreed that the land setup [zemske' zrizeni] of Moravia and Silesia should be reintroduced, in particular if this is the wish of the majority of its population.
6. The structure of the future local self-administration of our state, which is preparing itself to enter the Council of Europe, should respect the charter of local self-administration signed by 24 European states.

Regarding the communal elections, in my view, at least at the lower level, representatives of villages and towns should be elected directly according to the majority system, regardless of their political affiliation. Villages and towns should simply be headed by those people who are most trusted by their fellow citizens and these elections, and the respective election campaigns should no longer be an opportunity for party clashes, which are an end in themselves and which only disgust our citizens. Our citizens should not be simply forced to vote for those they do not trust together with trustworthy people simply because they are on the same ballot list; and, for the same reason, they should not be forced to vote for those who they would like to vote for only because they share the ballot list with those who they do not trust.

During my trips throughout our republic I noticed that our citizens would like to abandon the name National Committee, which is totally discredited, and would like to return to traditional names, such as village council [obecni rada], town council [mestska rada], and mayor [starosta]. Perhaps it would be possible to accommodate this common will and in doing so to express also externally a radical democratic change of the entire local self-administration.

In Czechoslovakia perhaps the most thorough socialization of all ownership, including land ownership, the great majority of immovable assets, and all the material tools of entrepreneurship was carried out in the past, as is well known. I put the word socialization in parentheses in this context because in reality it means making everything anonymous. Everything is so-called under people's ownership—allegedly owned by all but in fact owned by nobody. It is obvious that unless one clearly and once and for all defines what belongs to whom, how much things cost, and what can be done with them and by whom, our economy will not move forward.

That is why it is very important that the already mentioned constitutional law on ownership be prepared in a short time and discussed and approved by the Federal Assembly. It should include clear instructions as to who is in charge of reversing the anonymity of individual types of ownership and transferring them to a specific owner, be it the federation, the national republics, towns, joint stock companies, cooperative or private owners, or joint stock companies with shares held by all or some of the aforementioned kinds of owners, as would frequently be the case.

You certainly understand why I mention the need for such a law immediately after I spoke about local self-administration. It is hardly possible to imagine a strengthened role of the towns and villages without a clear word about village and town assets, whether these assets are land, immovable assets, or enterprises. Towns and villages need their own resources in order to be able to look independently after themselves, and they need to own partly or entirely certain lands—among other things, also in order to have an influence over themselves, over their profile and development.

In harmony with this, a system of taxation should be worked out which will make it possible for a major part of the wealth created on a given territory to be left on that territory and used according to the will of the people who live there. The laws on ownership and local self-administration should therefore be adopted at the same time, if at all possible. I would like to conclude my thoughts about what lies ahead, and my various recommendations with one great plea, and I am uncertain if you will grant it. I beseech you to put our common interests above partisan political interests, the interests of our common motherland above the interests of your parties, your own common sense and your own civic conscience above your party discipline in cases where they contradict each other, in the interests of achieving cooperation in the process of laying the foundation of our democratic and federative state. This means [to act] in the interests of a good future for all of us. I have a feeling that your electorates expect precisely this from you. If we think carefully about the results of our elections, we must realize that the prevailing majority of our citizens did not vote for vague and pretty programs or for anonymous and disciplined party structures and apparatuses, but simply for people whom they believe capable of listening to their own minds and feelings of responsibility for the common good.

Now I will talk about a topic which I know you are waiting for in particular, which is why I have appointed exactly this government, which will introduce itself to you with its policy statement.

First, a few words about the criteria which we applied for setting up the government: The first and the most important criterion was, naturally, the results of the elections. The Civic Forum and the Public Against Violence [VPN] clearly won. Therefore, these movements are most significantly represented in the government. The strongest force after the Civic Forum and the VPN is the Christian and Democratic Union. Unfortunately, in the federal government, unlike in the Czech Government, no coalition partnership with the Czech parties of this union has been achieved. Therefore, it is even more important that an agreement with the Slovak part of the union—the Christian Democratic Movement—has been achieved. The Christian Democratic Movement is represented in the government by three seats. So far, two have been filled and the third will be filled—after setting up the Federal Office for Economic Competition. The last four members of the government are not members of any party and do not identify themselves with any political movement.

The second criterion was clean moral and civic hands. I am convinced that all members of the government meet this demand. Naturally, we also wanted to preserve a certain continuity, that the new government could continue without greater problems in the project of great renovation, which was started by the previous government—the Government of National Consensus—in dramatic circumstances and under quite unfavorable conditions. Therefore, nine persons from the previous government are joining the new government.

We were well aware that in the next period of transformation it will be very important for us to have a government which is strong, competent, hardworking, composed of significant personalities who are able—even if originally their views were different—to achieve the best possible agreement quickly; personalities who are not only able to hold their views firmly but also if somebody disproves their views are able to accept somebody else's view and, in the case of a vote, to accept loyally the majority view and act in its spirit.

In the more distant future, when the situation in our country stabilizes, the government will probably not play such an important role as it is playing now. At present, however, it appears to be very practical, and the practice has proven itself, that conceptual questions of a federal nature are tackled in one brain center and that the majority of the proposed laws come from the same proposing body; that is, from the body which is capable of drafting every law against the background of its broader context; that is, in relation to future laws that are being planned.

The majority of laws proposed to the parliament in past months came from the government, and it is expected that this will be the case for some time to come. If the government submits good draft bills, the parliament will also work better. This is why our concern was to create a truly well-integrated team of individuals with specialist qualifications. To me personally this requirement seemed to be equally as important, to say the least, as the requirement that the government emerge from a broad consensus among all main political forces and that it therefore mirror the outcome of the elections.

Naturally, I do not know all the citizens of our republic capable of holding ministerial posts, and I must therefore admit to the theoretical possibility that a better government could have been formed. Within the framework of the possibilities available at this time we have not, however, succeeded in finding a better team, and we have the feeling that we have formed a good government, a government which can win the support of both the parliament and the public and which will last until the next elections. This, however, does not mean that this or that minister cannot be replaced by someone else at any time for various reasons.

The new government will be forced to carry our various unpopular measures and this is why I have called it on more than one occasion—half-jokingly and half-seriously—the Government of National Sacrifice. In view of its envisaged complicated position, we have tried to invite to it people for whom public interest and public expediency are more important than a personal career and in whom there is a guarantee that they will not do something different from what they should do simply to foster their personal popularity and their personal political future.

To a certain degree this government is, at the same time, a government of experts. On more than one occasion expert capacity to manage a certain department was therefore more important in our thinking than political orientation.

Balanced ratios between Czechs and Slovaks, too, was an important criterion in the formation of the government. I believe that we, too, have succeeded in this tasks since 10 Czechs and six Slovaks are at present in the government.

At the close, I would like to stress that the composition of the whole government is the outcome of talks with the representatives of coalition political forces, that is the Civic Forum, the VPN, and the Christian Democratic Movement, which agreed with the individual appointments to each governmental post. By the way, from the public opinion poll, the results of which I have received this morning, it emerges that more than 80 percent of our citizens have in essence shown their confidence in the newly appointed govenment. I do not surely have to stress that I also regard this as good news.

The time has come for me to explain the new government's structure as a whole, that is regardless of what is entailed from the adoption of the proposed constitutional law and what could be carried out immediately; that is without new legislative amendments.

Although it has not been laid down in the Constitution, it has nonetheless been a tradition that the two premiers of the national governments have been at the same time and automatically federal deputy premiers. We have reached a general agreement that this custom was a typical expression of totalitarian centralism because it bounded up the premier of the national government with membership in a federal government, with the application of the federal will to the will of the national government. It is in its own way an insult to the premier of an autonomous republican government to be at the same time a member of a federal government with one vote among many. No state official can be obliged in effect to break one's loyalty to the collectively reached view of one supreme executive body through a compulsory loyalty to the collective view of another body. We therefore see as far more democratic, more productive, and more commensurate with the principles of an authentic federation the solution on which we have agreed, and that is that both national governments will have one minister without portfolio, that is without authorization to manage a specific department, whose sole task will be to ensure that there is a continuous link between the national government and the federal one. He will be present at all its meetings without being bound up by its decision, not being a member.

Providing day-to-day information to the respective national government about the work of the federal one, continually conveying the will of the national government to the federal one, and continually coordinating the work of both these governments will thus form the sole content of the work of this minister, who will thereby become, as is apparent, the most important link between the executive power of the republic and of the federation. The purpose of this change is to make it impossible for the will of the republican governments to be simply outvoted by the federal one.

Should there be a conflict between the republican governments and the federal government, it will be necessary to talk until an acceptable solution is found. Since we all have agreed on this solution, the number of deputy premiers has decreased by two in the government I have appointed. The federal government, therefore, has only four deputy premiers, whose standing is equal, a thing I am emphasizing in order to ensure that the sequence in which I shall be talking about them is not understood hierarchically.

It corresponds with the proven customs in many democratic states that the importance of the foreign minister is underscored by the fact that he is also a deputy premier. Such is also our case. From what I have already said it emerges how enormously important it is in the coming stage of the fundamental transformation of the whole of our economy that a strong economic team exist at the federal government level, which will determine the strategy of this process and coordinate its course in both our republics. The head of this economic team is, therefore, another deputy premier. We envisage that the government will establish an economic council, which will be attached to the office of this deputy premier, whose members will be the main economic ministers of all three governments and several of our best economists. This economic council will be a kind of a brain of the federal economic strategy and coordinator of the economic strategy of the national republics. From the viewpoint of the structural logic of the executive power this body, of course, cannot have the character of an additional and new component of the executive power but must formally have the statute of an advisory and consultative organ. This will simply be an arena in which concepts will be born and shaped. The validity, binding nature, and manner of carrying out these concepts will then be decided by normal constitutional organs of the executive power, that is primarily by the governments.

There exists an extensive complex of areas which are already within the sovereign power of the national governments or which will gradually come within it. There are, however, many good reasons why these areas must have their points of reference of coordinating centers also at the federal level. There are numerous practical reasons but one fundamental reason speaks in its favor: If our democratic federative state is to be imbued as a whole with the idea of human rights, if its whole structure is to be built in the spirit of this idea, and if our federation as a whole is to present itself also on the international arena—in short if we are to be as a whole a spiritual, cultural, and truly humanistic state, a state of educated people managed by educated people, then the whole area of spirit, human rights, culture, and education must be present conspicuously at the federal government level.

The most convenient environment for creating this kind of body is the already existing office of another deputy premier. In working terms, that is unofficially, it would be possible to call this person the deputy premier for human rights, which is a category which can encompass all the varied roles and tasks which this office should fulfill. It is a consultative, coordinating and, in some respects, also directly executive work, roughly in the following main spheres: First, general problems of individual human rights in the broadest sense of the word. Second, problems of collective rights, which means rights of various minorities, whether national, ethnic, cultural, spiritual and religious, social, political, or other.

In various ways and to various degrees, this office should concern itself, on the federal level, both with spheres which it had aleady concerned itself with, such as health care, social care, church and religious communities, or social organizations, and with new matters, such as, for example, the problem of national minorities, refugees and immigrants from abroad, our own exiles, and so on.

Third, this office should pay great attention to the neglected sphere of rights and position of women in the society. Fourth, it is quite natural that the varied sphere of themes to which it should pay attention is also education, family, young people, and, last but not least, also sports. Fifth, the inevitable coordination work in the sphere of culture should belong quite naturally also to the mission of this office.

It will be the task of the appropriate deputy premier to propose to the government a new concept and structure of this, in my opinion, very important office, including setting up possible government committees or commissions which would act alongside it. I think that the more distinctly, realistically, and rapidly the executive jurisdiction in all these spheres is transferred to the republic organs, the more important will be the coordinating and, so to speak, harmonizing work of this office. National ministries will not be weakened by its existence, but, on the contrary, strengthened. It should function, among other things, as an instrument of a lasting interpretation of their interests on the federal level. I already mentioned that, most probably, the most significant supplier to the legal models for the Federal Assembly, will, in the coming few months, be the federal government. I also mentioned a great number of new laws which must be well prepared and accepted. All this goes to strengthen the significance of the fourth deputy chairman of the federal government whose task is care of the rights and creation of legal order—simply legislature. Its basic and only task will be to give a legislative shape to all that had gained a general consensus, and to safeguard in this way the smooth running of legal initiative from the federal government to the Federal Assembly.

Now briefly on the new ministries: If we are and if we want to be a federative state, then it is natural that must have, as we have had before, only one Federal Ministry of Foreign Affairs. The possible legal changes in this sphere, such as renewed role of state secretary in the Ministry of Foreign Affairs, should be, in my opinion, a task to be thought about by those who will be preparing new constitutions. If, however, the necessity arises to carry out some changes of this kind before, of course, there is no reason why an appropriate law should not be worked out and adopted. Personally, I would like to see sufficient participation in our foreign policy, by that nation whose member is not exactly a minister of foreign affairs, for the time being mainly in taking up various significant roles in this department which no doubt will increase, what with our rapidly strengthening participation in the process of all-European integration. There is hope that we will soon become a bona fide member of the Council of Europe, that we will more closely approach European communities, and that we will significantly participate in the work of newly emerging all-European institutions, including those whose seats will be possibly on our territory.

The idea of authentic federation could thus be reflected in a balanced system of creating and manning these posts. It must simply become apparent on the European stage that Czechoslovakia is a federative union of two people's republics. How radically new the content of the work of the Foreign Ministry will be, how many structural and personal changes it will require, need not be stressed.

The disintegration of totalitarian systems in our part of Europe and the realistic hope for a politically integrated peaceful and democratic Europe, which is its direct result, makes it possible, in harmony with various disarmament talks, to reduce markedly the ranks of our Army, to shorten compulsory military service, and consequently to abolish it altogether and to transfer to the principle of a small, but truly high-quality professional Army. [applause]

These planned changes, including their timetable, has been worked out and is being implemented. It is organizationally and technically more difficult than many of you can imagine, but despite this I am sure that this plan will be implemented so soon that it will surprise all those who understand these matters.

Parallel to this, Czechoslovak military doctrine is changing. It must be based solely on the principle of an appropriate defensive capability against any possible aggressor. It is apparent to everyone that such radical, rapid change in our Army—which is, in fact, taking place in two different spheres—cannot be carried out in any other way than from one center, by which I mean the commander in chief of the Armed Forces and the Federal Ministry of Defense. Therefore, the submitted draft constitutional bill alters merely the name of the ministry. It should henceforth be called merely the Ministry of Defense because the present title is misleading in view of the fact that two peoples live in our country as well as a considerable number of members of other nationalities. It is appropriate to add that in the interest of emerging democracy, the significance of the Inspectorate of the Czechoslovak Army should be strengthened as well as its links to the paramilitary committees of the Federal Assembly.

I mentioned the tasks and prospects of the Federal Ministry of the Interior elsewhere. I shall not repeat myself. As to other federal ministries, about whose indispensability there is no doubt at the moment or in the coming two-year period, there is the Ministry of Finance, the Ministry of Labor and Social Affairs, the Ministry of Transport, the Ministry of Communications, and the Ministry of Foreign Trade.

The beginning of an extensive transformation of our economy and transfer of a number of posts in the sphere of economy from the jurisdiction of the federation to the jurisdiction of national republics requires further changes in the structure of the federal government. The submitted draft constitutional bill sets up the only Federal Ministry of Economy, which should concentrate all the remaining econmic managerial roles of the federation and which should also create an environment for practical coordination of the economic managerial roles of the national governments, namely national economic ministries. This ministry should thus repalce two of today's departmental ministries, that is the Federal Ministry of Fuels and Power and the Federal Ministry of Metallurgy, Engineering, and Electrical Engineering.

The coordination center of the agricultural policy of our republics should also be in this only Ministry of the Economy. Acting as some sort of a counterbalance to the Federal Ministry of the Economy, as a framework management unit, should be the proposed Federal Ministry for National Economic Strategy, which should deal with the agenda of today's State Planning Commission, which, after all, is the agenda whose significance will decrease rapidly with the transition to market economy. At the same time, it should deal with the part of the agenda of today's State Commission for Scientific- Technical and Investment development, which will preserve meaning also in the coming period and which will no go under the Ministry of the Economy.

The role of this new ministry should, at the same time, be transferred more clearly from the sphere of directive and detailed planning, directive management and centralized decisions, making it the sphere of truly strategic—but for various management organs of all types—relevant analyses, expert considerations and long-term projects. Its meaning thus should not be to follow immediate economic results, and in their interests to plan production and investments, but to represent in the government awareness of long- term prospects and long-term consequences of their economic decisions and to draw attention to them in all their complexity.

We call this ministry privately and for simplicity's sake the Ministry of the Future. The time has come when it is more important to think about whether our country will change in a hundred years into an uninhabitable steppe than to speculate that we might have two percent more power.

A similar role of counterbalance to short-term economic interests should be played by the Federal Committee for the Environment, which is being proposed. Anyone who has read a single article about the environment or has looked carefully around him will understand that protecting the environment is the common task of all mankind. Toxic emissions in the atmosphere, contaminated water in the rivers, and the depletion of the ozone layer are no respecters of state borders. That is why our state, too, must pay attention to the environmental dimension. This attention must be institutionalized and projected into the executive power at all levels of the state administration, and therefore at Federal Government level too. The national Ministries of the Environment will not be weakened but, on the contrary, strengthened, if they have a coordinating, harmonizing, and integrating counterpart at federal level. This proposal also takes account of international realities.

Most civilized countries have a minister for the environment, and if we exist as a single state, albeit a federative one, we must be able to send someone to all the different international talks who will be able to represent Czechoslovakia as a whole. This will not restrict the national ministers' room for maneuvering; on the contrary, it will strengthen it, for they will be, for example, members of the board of this committee, which will be a collective body assessing all the important decisions affecting the environment. The Federal Committee for the Environment, headed by a minister and the republican ministries, must be granted clear executive power—that means they must have the right not only to make judgments, but also have the final say in any project or investment which could have deleterious environmental consequences. There must be guarantees underpinned by law and by the structure of executive powers that consideration for the environment be one of the basic parameters of all economic activity and undertakings. To put it simply, the task of these institutions will not be to merely ask for money for purification equipment which will take some of the dirt out of the water and smoke, but, in short, to make sure that our energy system and industry do not contaminate the air and water in the first place.

Inherently associated with the environment is the countryside which surrounds us and the building we live in or look at. Strong supervisory and executive powers must therefore be granted to those departments of the Federal Committee of the Environment and relevant national ministries which deal with the development of the countryside and communications network, town planning, architecture, and the preservation of listed buildings.

The preamble to the constitutional law on the new structure of the federal bodies goes on to process the establishing of a ministerial level Federal Office for Economic Competition, the need for which is not doubted by our economists in the current situation. Its main task will be to monitor the economic activity of our businesses, prevent them from acting as monopolies, and take actin in cases where the rules of economic competition are breached.

It is clear from what I have already said about the proposed changes that we expect to appoint in the near future directors of the Federal Office for the Protection of the Constitution and Democracy, and the Federal Capital Assets Fund [federalni fond narodniho jmeni]. These two directors, together with the chairman of the State Bank and the prosecutor general of the CSFR, would therefore be the highest-ranking federal officials in the sphere of executive power, independent of the government. They would all be answerable solely to the Federal Assembly. The highest judicial power would, at the federal level, be held by the elected chairman of the Constitutional Court and the Supreme Court of the CSFR, who will be answerable solely to the Constitution, the law, and their own conscience.

I think I ought to round off this section by referring to three important institutions under federal government control. They are Czechoslovak Television, Czechoslovak Radio, and the Czechoslovak News Agency CTK. If certain journalists mistakenly believe that freedom of speech means the right to spread all kinds of slander and uncorroborated reports and whip up gutter-press sensations, I see this as a natural malaise of the times we live in, which have not yet managed to get across to journalists the lesson of professional responsibility. Nonetheless, these three government controlled media at least while they are still under state jurisdiction, ought to be protected from this malaise. I have the impression that for the time being they are making a reasonable job of this.

Perhaps some of you may be disappointed, but I do not intend at this juncture to launch into colorful accounts of the curricula vitae and qualifications of all the government members, nor dwell in detail on why one or the other has been appointed to this or that post instead of another. To explain all the aspects of our endeavor to achieve the right balance of different people in order to stimulate good teamwork would deserve a speech of its own just as long as this one; in addition, such a speech would have to delve into so many psychological nuances that this, our supreme representative body, would really not be the appropriate forum.

I have no alternative but to hope that you will believe in the goodwill of the prime minister as well as my good will to compose the best possible government on the terrain of the given political realities. I should mention, however briefly, the seven persons who form what could be termed a backbone of this government and some kind of a center of executive power in our federation. Above all, it is the personality of the premier. Marian Calfa held a high government post as the only one from our present government back in the old regime. His moral profile, however, is clean and it was he who tried, within the framework of his limited possibilities, to move something forward in the past. The main thing, however, is that he understood in time the situation in which our country found itself, that he wholeheartedly joined the side of people's resistance against totalitarianism, he gave himself fully to the services of the people and in key moments he contributed greatly to a peaceful destruction of totalitarian power and peaceful takeover of power by the democratic forces. I cannot imagine how the situation would have developed without his resolute action and how, without his contribution, a minimal continuity of state power and adminstration could have been safeguarded at all. As premier of the Government of National Consensus he was successful as a dynamic, prudent, and at the same time working democratic politician without whose leadership the previous government could hardly do what it did.

The trust that he enjoys from our citizens was clearly manifested by his overwhelming victory in the elections in the East Slovak region when he stood for VPN. I do not know at the moment of a more suitable man for the post of federal premier.

The representatives of Civic Forum and VPN agreed that he should have this post. But not only they. His abilities and qualities are respected also by many representatives of other political forces in the parliament. [applause]

Jiri Dienstbier has concerned himself symstematically with foreign politics since his youth. After Brezhnev's invasion of Czechoslovakia, he was permanently persecuted for his civic attitudes, he took an active part in the opposition movement, and the enterprising foreign policy of Czechoslovakia in the past few months would hardly be possible without his participation. It seems to me, therefore, that he, too, is sufficiently morally and professionally qualified for his post.

Vaclav Vales is the head of the economic team in the government, not because he is an old friend of mine and because I tested his moral qualities in the most difficult situations, but because his authority is respected by economists of different opinions and of various generations. As one of the few of our economists who has gained a rich experience from leading posts in the sphere of enterprises, and as a ranking governmental figure, he has experienced so many unsuccessful economic reforms that he can present to us a good guarantee against the danger of excess, rash decisions, tragically ill-considered experiments, and the attempts blindly to reflect in the economic practice educational axioms and various obsolete economic theories.

Jozef Miklosko, a scientific worker from Bratislava, has been delegated by the Christian Democratic Movement to the post of deputy premier for human rights. He is working in the Committee for Human Rights, he is a deeply religious person, he publishes articles on topical political and religious themes. He is a new face on our political scene, but what I know about him assures me that he will be the right man for the job.

The constitutional law and creation of laws in general is the topic of a long-term interest of an experienced lawyer, Pavel Rychetsky, until recently prosecutor general of the Czech Republic. His imagination, creativity, and energy in the legislature is admired by many of his colleagues. He, too, has been persecuted for the past 22 years for his civic attitudes, while taking a creative part as a lawyer in a number of legal analyses and proposals of Charter 77. Rychetsky was brave in purging the Czech Prosecutor's Office, and if anyone objected to his energy as a prosecutor or even suspected him unjustly of being biased, he can be only satisfied with this being transferred to his present post. [applause]

The complex and demanding nature of the radical transformation of our Army that I mentioned a while ago requires unconditionally that the the post of minister of defense should be filled in the following two-year transitional period by a professional and experienced soldier. In my opinion, this cannot be anyone but Army General Miroslav Vacek. He has served in the Army since he was 15.

He knows its problems very well and enjoys the great respect of the entire command corps. The project of the transformation of our Army is primarily his responsibility. One more thing: I do not conceal my conviction that it is above all he who deserves credit because during the most dramatic days of the totalitarian regime's death throes, no one attempted to misuse our Army against the people and that the Czechoslovak Army, the most powerful instrument of power possessed by our state, survived the tense time of recent months in a relatively orderly fashion and without more serious shocks. [applause]

He knows its problems very well. We have seen several times that under the clever leadership of Vacek, the Army is quickly winning back the long-lost respect of the broad public.

I think that the agreement of all the Czech and Slovak political forces which took part in the talks about the composition of the federal government, about the suitability of Jan Langos for a post of such importance as federal minister of the interior, speaks for itself. Personality—since I have known the incorruptible wisdom of Jan Langos for long years—I take great pleasure from this agreement. [applause] Although he is a member of the VPN, Jan Langos is a religious person, which no doubt makes him close also to the Christian-oriented part of this Federal Assembly.

Now I have to explain why ministers without portfolios in the new government should hold—after the presumed approval of the proposed law—individual posts of the newly composed government. Pavel Hoffmann should be the minister for national economic strategy. Vladimir Dlouhy should be minister for the economy. The minister in charge of management of the Federal Office for Economic Competition, as I have already said, should be proposed by the Christian Democratic Movement only later on. The minister in charge of the Federal Committee for Living Environment should be Josef Vavrousek. Kvetoslava Korinkova should be federal minister of control. One only has to add that if the Federal Office for the Protection of the Constitution and Democracy is to be set up, if it is the constitutional task of the president, as has been proposed, to appoint its chairman, and if I am the president, I want to appoint Jiri Miller to this post. I think that I said all that is essential, that I had to say about the government which I appointed; namely about the next highest federal officials in the sphere of executive power. You will receive a more detailed explanation in the new government's policy statement, and all your supplementary questions will no doubt be willingly answered by the premier.

Dear lady deputies—not too many of you, unfortunately—and dear deputies, who happen to form the majority, unfortunately, allow me to conclude my deliberations and explanations at least with a brief comment about the role of the Czechoslovak president. According to the present Constitution, the president has extremely extensive jurisdiction, almost as extensive as the so-called presidential systems—that is where the president is elected by a direct vote. I think it is obvious why this is so.

Inasmuch as the party ruled in our country, it was irrelevant what jurisdiction the president had and it was more practical for the party when the official who was decorated with the presidential function had great jurisdiction, for it would cleverly simplify the execution of its totalitarian power. In the strange, so to speak, semi-revolutionary times that culminated in the free elections, this kind of presidential jurisdiction might have had a certain advantage inasmuch as it could administratively simplify the destruction of totalitarian power. In other words, what they invented against us, we used against them. However, as the situation in the country stabilizes itself, in my opinion, the power of the president should be weakened. The presidential system has no tradition in our country and, personally, I would not consider it suitable. I assume that the new Federal Constitution will also newly define the position of the president and that it will somewhat limit his jurisdiction. This, after all, was the reason why I so vehemently supported the idea of a two-year presidential term of office following the election by the new Federal Assembly. It seemed to me absurd that these posts, newly defined by the Constitution, could be [word indistinct], who was elected in the spirit of the old Constitution and that the state, whose foundations you will build in the coming two years, should inherit, as some kind of a relic of the past, the presidential role of the preceding era.

Limiting the constitutional powers of the president, in my opinion, should not mean that the president of our federation will change into a merely symbolic puppet who occasionally lays wreaths at monuments and occasionally shakes hands with new ambassadors. I have a factual basis for this rationale: By creating an authentic federation, a considerable part of the formerly state-wide posts and power will pass into the hands of republican organs. With the advancement of this process, its president will gradually become the main integrating figure of our federation. He will also be the main representative of our federative states before the world. That is why, obviously, this post should not be formal and insignificant in the future. Therefore, I ask you to think about these aspects, too, in creating the new constitutions. The experiences that I have accumulated during my six-months' stay in the presidential office forces me to draw attention to them. It should be a topic for thought whether or not it would be suitable to project the idea of the federation of our state into the new definition of the president. Among the possibilities that occur to me is, for example, setting up the post of elected vice president, who would legally always be a member of a different nation than that of the president, or the possibility to entrust more—so to speak in the Soviet manner—to the chairmen of the two national parliaments, which the president has on the federation level. Such topics no doubt will be discussed by the proponents of our new Constitutions, so that at the moment it is somewhat untimely to analyze them.

Just a few words about the chancellery of the president of the republic. Everything seems to confirm that for the past 40 years this office was not a political office, but only a barely functioning group of gardeners, waiters, upholsterers, and purely administrative employees safeguarding a proposable and ceremonious service with the appropriate bureaucratic administration of this enterprise.

The Ministry of the Interior, of course, was the all-powerful supervisor over everybody. If we dig deeper into the past, we come out with the surprise that the chancellery of the president of the republic has never been a truly political office, mainly because our first president applied all his forces—true, great and deserved, but far exceeding the framework of presidential powers—by virtue of informal and unofficial influence of his great personal authority. Being confronted with the immense number of tasks which we are forced to tackle all of a sudden and which had to be tackled by a completely unprepared chancellery as a whole, my colleagues and I had to think a lot about these matters. Our deliberations have resulted in a decision to build, by means of an extensive reorganization, a truly modern political office out of the chancellery. Its task should be to safeguard for the president the necessary contacts and exchanges of information with state organs, social organizations, and citizens in general, as well as with abroad, and to help execute his constitutional role. We have begun to implement this reorganization regardless of who will be elected president and so that the office which is being built—at least as far as its structure is concerned—might be used in essence for any future president. At the same time, we are also trying to forecast any possible future constitutional position of the president because it would not be too wise to build something which in two years will again be radically changed. We want to build a permanent seat of the chancellery also in Bratislava so that the president and his various colleagues can at any time also be active in Slovakia and so that they have a functioning background in Bratislava, as well as sufficient service.

I should mention one last thing: the dramatic and semirevolutionary times which, I hope, are behind us, the ad-hoc working meetings of the highest representatives of national and federal representative corps and governments. In the uneasy and totally transitional transformational period which is ahead of us and in which it will be extremely important to coordinate readily and synchronize the work of our parliaments and governments, it will no doubt be purposeful to call such working meetings regularly and to inform the public about them. The highest representatives of the legislative and executive power of course cannot by virtue of their posts be members of any other state institution, the less so be subordinated to it. It would equally negate all the fundamental principles on which democracy is built. Nevertheless, in the transitional period of building the state anew, their regular unofficial meetings could make sense, particulary if they can be clearly defined as a mere environment of mutual communication, consultation, and possible technical coordination and if the public can be informed about them. Their initiator could be the person who is offering his services for the very essence of the matter—that is, the president of the republic. The president should also meet regularly with representatives of the most important political forces, regardless of whether they are represented in the government.

Dear guests, the only thing I want to do now is to apologize for the length of my address. It almost reminds one of the endless addresses at the Communist Party congresses delivered by the general secretaries. But I thought it would be suitable that at the end of my term of office and at the onset of the work of the first free parliament, I talk in greater detail about the tasks which, in my opinion, are ahead of all of us and about the deliberations to which I am led by the completely unrepeatable experiences of the past months. I have already discussed the Federal Assembly twice. In both cases I talked about the clocks which in our offices should constantly remind us of the quickly passing historical time. I will remain faithful to my tradition, and I will also end this address with a reference to the clock. This time my reference will take the form of hope, namely the hope that you will not follow my example and that your deliberations will not consist of addresses as long as mine. On the contrary, I believe that you will constantly observe your watches inasmuch as there is no clock in this hall. Besides, in other parliaments they not only have clocks, but they publicly measure the time which is allocated from their joint time to every speaker. In our country time has lost its value, just like water, air, soil, and power. We will have to find it again and learn how to protect it. I wish you and all Czechoslovak citizens many successes in the difficult work which is ahead of you. Thank you for your attention. [applause]

Meciar Delivers Slovak Government Statement

LD2906215390 Bratislava Domestic Service in Slovak 1630 GMT 29 Jun 90

[Slovak Government program statement delivered by Slovak Premier Vladimir Meciar to the Slovak National Council in Bratislava on 29 June—recorded]

[Text] Dear deputies, typical for current development in the world is the development and the completion of the development of national associations, and along with it the varying intensity of developing integration trends. In harmony with this the government will be creating conditions for a full, democratic, and free development of Slovakia. One of the conditions is a complete reassessment of the relation of the Slovak Republic to the Czech Republic and to the common Federation. We do not see this solely as a struggle for jurisdiction, but also as an expression of implementing the nation's right to self-determination. We consider the primary rights of the republics as the basis of a future solution. The republics relinquish in favor of the Federation those activities which are advantageous for their common development. The completion of this development in legislation will be the adoption of the Slovak Republic Constitution, the Constitution of the Czech Republic, and the Constitution of the Czech and Slovak Federative Republic.

The government of the Slovak Republic will strive to achieve a constitution for the Slovak Republic within two years; two years. At the same time, it will try to speed up the work on the preparation of the CSFR Constitution.

The government of the Slovak Republic is convinced that the social situation in the CSFR is favorable for a truly democratic and equal organization of relations between the nations and nationalities of the CSFR. All aspects of decisionmaking by the Federal bodies must be carried out on the basis of a law and consensus of the two republics. The mechanism of this consensus is not properly developed yet. Therefore, among other things, we shall work toward the creation of a constitutional court of the CSFR and also the constitutional court of the republics. A number of other measures for improving the legislative process will also have to be adopted.

In harmony with efforts to reintegrate our state into Europe, we are determined to secure that within the community of the European nations the Czech and Slovaks are able to act as individual and equal subjects.

The completion of national development and the transfer to a market economy makes it possible to firmly begin the process of decentralizing the state administration. Let the affairs of state defense remain in the province of the Federation, under the condition that our defense will be secured around the entire borders of the republic. We are in favor of being represented in interstate relations by the Federal Ministry of Foreign Affairs. We, however, see it as necessary that the government of the Slovak Republic should determine the professional preparation of staff to serve abroad.

The government of the Slovak Republic must have the opportunity to join international organizations, enter into international relations on a national level, and develop contacts with our fellow countrymen. It will create legislative and organizational conditions for this activity.

As a link to increasing the rights of the Slovak Republic in the sphere of national economy management, its activity in the area of foreign economic relations will also develop as an important part of economic life. The government will provide effective support to all useful initiatives in the sphere of international economic cooperation, leading to an increase in the efficiency and export ability of the Slovak economy, and also its commercial realization on international markets.

We are in favor of developing a free market, the free flow of products, money, work force, and including international aspects. We assume that some agreed activities of state security will be performed at the federal level. We are willing to discuss what other activities may be performed by the bodies of the Federation. Nevertheless, we decisively oppose preserving the redistribution system from above.

The government of the Slovak Republic considers that it is inevitable that we find a new mechanism of relations and principles of cooperation with the federal government and with the government of the Czech Republic, which would respect the stands of the governments of the republics, and which would take them into account. At the same time, it promises that it will also behave in a similar way, on the basis of the principles of partnerships.

The government of the Slovak Republic seriously and dutifully assumes the responsibility for all economic, social, cultural, and spiritual developments in Slovakia. This principle does not contradict the need for close cooperation with the government of the Czech Republic and the federal government.

Esteemed deputies, complicated economic tasks lie ahead. So far, we have adopted only the first temporary legal measures. Nevertheless, there is a need to change fundamentally the philosophy and practice of our economic management. The outmoded system based on anonymous social ownership and central command planning has revealed itself as historically mistaken. There is nothing else we can do other than to switch as quickly as possible to the path followed by all the highly developed states. Let high economic efficiency be linked with an appropriate level of social security. There are a number of examples from abroad of positive solutions to economic and social problems. It would be irresponsible if we were to try again the models of economic and social spheres which have not been tested and which are speculative.

The government's task is to create general conditions to enable the citizens themselves to determine the aim and content of their lives. Among such general conditions there are, above all, tested and historically well-founded market relations. There is a need to say openly that switching to market relations is not and will not be easy. We will not be able to avoid sacrifices in the form of temporary restraint in material benefits and the temporary unemployment of certain groups of workers. Beside a highly developed system of social and sickness benefits, there will be a need to build necessary job market institutions.

In the process of switching to a market economy, we will also have to tackle other problems. After a decade of unilateral influence on people's conscience, the quality of economic thinking has suffered. Because of the long years of equalizing the awards and salaries of the majority and the privileges of the minority, the effort to achieve a more just—a more differentiated—system of awards is met with envy. Because of envy, entrepreneurship, innovation, and personal effort activated by the interest in gain are often being considered as enrichment. Elements of false social security has taken root in the people's conscience.

In the spirit of the November revolution, we wish to develop an economy serving free citizens by the widest possible material, spiritual, and ecological needs—an economy which gradually includes the fundamental needs of education, free and dignified travel abroad, freedom of faith, and the free flow of information.

The results of the free democratic elections also create a favorable atmosphere for successfully dealing with relations between nationalities. The old regime has left behind many serious and unsolved questions and problems with regard to nationalities. We are aware of our full responsibility for their thorough solution, and we declare that we consider the Slovak Republic the common homeland, the indivisible home, the birth place, and the native country of the Slovak nation and other nationalities living there. [applause]

The government notes that the Slovak language is the unifying language for the inhabitants of Slovakia and [words indistinct]. Prior to issuing a relevant law, the government will carefully listen to the views of the population, in particular in the areas inhabited by several nationalities. The law will also anchor the rights of citizens whose mother tongue is other than Slovak and the use of their own language for official purposes in such a way as is prescribed by the international agreements on human rights.

Our government cannot envisage its activity without a speedy, full, all-round, and objective flow of information. All citizens have the right to know our work in detail, the questions and the problems which we are dealing with, the stands which we take, the solutions which we are working on, and the conclusions which we are adopting. The public has given us the mandate for the next period through you, the freely elected deputies. Therefore, the public is our partner, our ruling is based on its needs and its authorization. Therefore, a fully mutual exchange of information is so important. The government is determined to create the best conditions for journalists, even more flexibly and thoroughly, to enable them to learn on time—and through them also our citizens—everything which is important in our work.

The government will create a council for the state information policy and for the mass information media. Its main task will be to initiate and create legislative, organizational, personal, financial, technical, and other conditions for the media, which are independent and yet which operate according to the Constitution, and the preparations for the creation of a state committee for information policy and mass media.

During the next period, the government will promote such a position and organizational structure within Slovak television and Slovak radio which will make them independent, national public institutions. [applause] It will support the restructuring of the Czech Press Agency, which will make the position of its Slovak section correspond to the authentic federation [aby zodpovedalo autentickej federacii]. In the same spirit, it will promote the position of documentary film as a specific mass media. It will prepare a bill of law on the mass media as independent public institutions. The foundation of success will however be the anchoring in the Constitution of the state information policy and the mass media policy under the jurisdiction of the national republics.

With regard to the issue of churches in Slovakia, the government will link up with the achieved positive results of the Government of National Consensus. It will continue to support the activity of registered churches, of religious societies, and religious orders. It will also continue to gradually hand over buildings for the restoration of religious orders, and supporting their activity in the sphere of health care, morality, culture, education, and social care. In order to deal justly with this complicated and sensitive problem, the government will work out a Slovak National Council law. The government will do its utmost to link up with the spiritual heritage of the nation and to ensure that this heritage has an impact on the cultural development of our homeland.

Esteemed ladies and gentlemen, in a modern society ecology has become the basic consideration in decisonmaking in any area. Although we have mentioned it when discussing individual problem areas, we find it necessary to devote a special chapter to it.

The devastation of the Slovak environment in a number of regions is reaching dire proportions. It is reflected not only in the poor quality of wood but also in the poor state of peoples' health, especially children, and the entire biosphere is under threat. Slovakia is one of the worst places in the world regarding cardiovascular illnesses, tumors, and other modern-day illnesses. The bad environment also has a significant impact on the low life expectancy rate.

The government has to guarantee to our citizens the right to live in a healthy environment in the long term. At the same time, it will apply legal and economic measures to hold every citizen to his principal obligation not to put the environment under threat, not to damage it, but to protect it. The scale of the devastation and the persistant impact of negative factors are so extensive that we cannot expect a substantial improvement in a short period of time.

A particular turning point in finding immediate solutions to the most pressing problems is linked, above all, to a realistic economic policy in the future. That is why the government considers its aim to speedily achieve a balance of economic development with the state of the environment; and it will push through ecology aspects as one of the decisive criteria of this process, including structural economic changes.

The program of improving the environment has to concentrate on pushing ecological principles through in all state activities concerned with energy, industry, agriculture, trade, and other problems, in the preparation of a comprehensive law on the environment, as well as laws on soil protection, waste, the ecological qualities of products, and amendments of legal edicts on air protection, territorial planning, the construction code, water, state protection of nature, the law on the High Tatras Natural Park, etc. It has to concentrate on the ecological control of investment policy in the republic and on building monitoring equipment and information systems on the environment in such a way that it corresponds to the level of science and position of Slovakia in Europe.

Esteemed deputies, you have heard the program statement of the government. We received a vote of confidence by the Slovak National Council and its Presidium to assume the posts of government members. The circumstances are that there are 21 men in the government, and therefore on behalf of these 21 men willing to work hard, I beg that this plenum also give us a vote of confidence. Thank you.

GERMAN REUNIFICATION

***Notice to Readers:** Reportage on German reunification may also be found in the Federal Republic of Germany section of the West Europe DAILY REPORT and pertinent sections of the East Europe JPRS Report. Third country comment is published as available in the appropriate DAILY REPORT or JPRS publication.*

Deutsche Mark Becomes Official Currency

LD3006215990 Hamburg DPA in German 2102 GMT 30 Jun 90

[Text] Berlin (DPA)—There is just one currency, the Deutsche mark [DM], in the Federal Republic and in the GDR as of midnight. The GDR mark has become invalid as of 30 June. [as received] Together with the economic, currency, and social union coming into force at 0000 hours [22 GMT 30 June], the first and most important step of the unification of the two German states was taken. The first banks opened immediately after midnight, and began paying out DM's.

Likewise, the frontiers between the two parts of Germany and in Berlin were opened at midnight. However, the frontier posts in Berlin had already given up checking personal identities several days ago.

On Saturday, the last day of the GDR Mark, there continued to be difficulties with supplies in the GDR. In East Berlin, Magdeburg, and other cities, citizens often stood outside closed shops. Shelves in the shops that were open were mostly empty except for a few unsellable goods. Many GDR retail shops have been buying up Western goods in the past weeks, which they will be offering as of Monday [2 July].

Second State Treaty Timetable To Be Approved

LD0107125690 East Berlin ADN International Service in German 1220 GMT 1 Jul 90

[Text] Berlin (ADN)—The GDR Government will approve the timetable for the preparation of the second state treaty tomorrow evening. This was announced at the media center in Berlin today by the parliamentary state secretary to the prime minister, Guenther Krause. He was optimistic that all-German parliamentary elections could take place in December. The process of the GDR's accession in accordance with Article 23 of the FRG's basic law can be clarified over the next few months. The "unification treaty" to be worked out is even more complicated in its extent and catalogue of problems than its predecessor.

A new era is beginning in the GDR with the introduction of the Deutsche mark, Krause stressed, who was one of the architects of the first state treaty between the GDR and the FRG. In 1948 the currency cemented the division of Germany; today the Deutsche mark is again leading the nation to unity. Economic unification, which should be followed by political unification before the end of the year, is now following on the opening of the borders. An "economic impetus for the CEMA states" will also emanate from monetary union, Krause said with a view to "possible reservations" by East European countries.

De Maiziere Views Economic, Social Union

LD2906171890 East Berlin ADN International Service in German 1543 GMT 29 Jun 90

[Speech by Prime Minister Lothar de Maiziere to German television audience; place and date not given—recorded]

[Text] Berlin (ADN)—Dear fellow citizens! Today, on the eve of the introduction of the State Treaty between the Federal Republic of Germany and the German Democratic Republic, I am turning to you directly because tomorrow, on 1 July, we will all jointly take a great, decisive step toward unity. The monetary, economic, and social union will create quite essential prerequisites for the implementation of German unity. It is the bridge for the unification of the two German states.

For a good many people this is all going too quickly. I can well understand this feeling. For just a few months ago the signs in our country were quite different. The West was far away, and for most people not at all attainable. Today we have moved closer together. We are one people. In the country a system prevailed which assumed a position toward many of us that seemed to be tenable even with our own self-criticism. We learned to allow ourselves to be carried along without being entangled in the system.

The months of October and November 1989 brought a great radical change. It was like waking up from a nightmare. One hears continually, one says to oneself continually: Who would have thought it possible a year ago? Who would have believed that in one year, the wall would fall and everything would be quite different? In fact, even today, one cannot quite believe that the Socialist Unity Party of Germany [SED] regime, which stood like a bulwark against freedom, would disintegrate so quickly and which made our weapons not guns but burning candles.

Meanwhile, more than six months have passed, and I believe I can really say that the process of unity is not proceeding too quickly. We have not precipitated anything, and shall also in the future proceed step by step. Those steps must, however, be discernible and noticeable. For the process of unity cannot be protracted. I am firmly convinced that we serve our country best of all when we carry out unity not only well but also quickly.

Self-reliance and confidence in particular are what we need now. Recently I have referred to it as the spirit of the founding fathers, which means: Let us begin with courage. We should see primarily and above all not the problems but the opportunity. We must not now rest on our oars and await matters. Very little will happen unless we seize the opportunity. What must not happen is that individual interests are enforced by means of strikes. We have to keep the overall objective in view. Much, very much indeed, has to be done in all areas. There is a lot of work—and there will be many new jobs, too. Of course, some will have to update their knowledge or retrain in a different profession. That is, however, the fate of many in a modern industrial society. One no longer learns one job for the rest of one's life, but will have to move with the times. I myself am now starting my third profession. The jobs of the future, and this is shown by the developments in all industrial countries, require flexibility. That is surely something we have learned in the GDR.

The SED has left behind an enormous mountain of problems. The balance sheet is shocking. We have inherited extremely difficult circumstances in all areas. The problems we have to deal with are not today's problems, but the consequences of the old system. The manner in which many regions of our country have literally been damaged is indescribable. Bitterfeld is just a word evoking the deliberate destruction of our environment and constantly risking the health of many of our fellow citizens. However, we shall solve even these problems. The fact that the Federal Republic is prepared to help us decisively and very quickly in this very area should give us all further courage.

The readiness of firms from the West to invest is great. During my talks in the United States, France, and Great Britain, entrepreneurs presented specific projects to me which will secure jobs in the GDR and create new ones by investment. My talks in Brussels made me feel that there was European solidarity with us. My talks in Moscow, too, dealt with securing and expanding our traditional trade and economic relations in the interests of jobs here.

Fresh opportunities will come with the new currency. Let us use them, but let us not be driven by them. I can understand that after decades of hardship many want to catch up on everything which was denied them as quickly as possible; however, that is not possible. Please remember that the times of shortages are now over. Many things will become simpler. I feel it to be a great relief to all of us, but mainly for working and single mothers, that in the future they will not have to waste their valuable free time queuing, time which really belongs to their children.

I thank the Federal Government and I thank the Bundestag and the People's Chamber. I also thank in particular the opposition in our country, whose arguments I have by no means ignored. They were an important help in the continual examination of our own path. Practical criticism is always helpful. I also thank particularly those who negotiated the details of the State Treaty. It was a colossal piece of work. I would also like to expressly thank all the bank and savings bank employees who have performed superhuman feats during these weeks. We have their tireless, sometimes nerve-wracking work, to thank if everything operates normally now. Whoever has to queue for too long in front of the banks should have patience. It is hopefully the last time that we will have to queue for a long time.

Dear fellow citizens!

One July 1990 is an important date in our postwar history. Tomorrow we will carry out a decisive step into material freedom. Here there will be problems and concerns. By no means do I misjudge this. From now on things will go uphill for us, too. With the help of the Federal Republic of Germany, however, we have chances that no other country in East Europe has. Let us use them. Looking back is looking in anger. Looking ahead is looking with confidence and hope.

Visits Berlin Savings Bank

LD0107113990 East Berlin ADN International Service in German 1049 GMT 1 Jul 90

[Text] Berlin (ADN)—According to Prime Minister Lothar de Maiziere, the first great step toward the unification of the two German states has been made with the monetary union. "This step is irreversible," he told the press this morning while visiting the Berlin-Baumschulenweg savings bank.

The most important thing on this day, which is so decisive for the people, is the emergence of a unified economic area. "We have money that will allow us to travel in all the German lands and will not force us to make legally questionable exchanges," De Maiziere said. Apart from the "exceptional events" during the night on Alexanderplatz, as far as he knows everything is running normally, he said. Prior to this he handed in a 2,000-mark check for one of his colleagues. In the savings bank, the prime minister was informed about the preparation and running of the first day of the all-German monetary union. In his family, he is leaving the exchanging to his wife. She will cash in his pay check for 500 marks during the day.

The prime minister also emphasized firmly that Berlin, in the future, must become the "German capital and government seat." He would support this being written into the second state treaty between Bonn and East Berlin, he said. The prime minister acknowledged the clear statement made by Federal President Richard von Weizsaecker for Berlin as capital. The federal president had shown clearly that there were no arguments speaking against Berlin.

Optimistic About GDR Development

LD0107161390 East Berlin ADN International Service in German 1539 GMT 1 Jul 90

[Text] Berlin (ADN)—He views the historic date of 1 July 1990 as a "launching day for the economy," GDR Prime Minister Lothar de Maiziere said at an international news conference in Berlin today. He told journalists from East and West that he sees positive prospects for the development of the GDR. The citizens now have a currency that is in demand throughout the world. Hand in hand with the Deutsche mark comes a new banking and credit system, which is essential for setting up livelihoods in trade and industry. He hopes that the founding spirit will develop anew on East German soil. There is now a need for real achievements from all citizens, which also means "making full use of working hours." If this work consciousness materializes, then the GDR economy will once again be on the up.

As another large area of activity, the premier mentioned the second state treaty. It is intended to make unification possible by creating the legal conditions for growing together. Finally, the laender will have to be formed in the GDR, and the two-plus-four negotiations brought to a good conclusion.

The process of unification is being carefully observed abroad, De Maiziere said. In particular, representatives from industry are showing great interest. What is being invested in the GDR is today's technology. The GDR could become the link between West and East Europe. It is important that today, this Sunday, the first State Treaty has come into force, and thus the requisite framework conditions for the economic, monetary, and social union are given.

Asked about possible all-German elections in December, the prime minister said that this would have to be discussed in the coalition, then in the government, and finally in the People's Chamber.

Asked about the timing of German union, De Maiziere said its external realization was certainly faster than the "actual, emotional union." It will take years and depends as much on conveying new educational values as well as on a reorientation of the young. The objective now is to create a new common German identity. In this process the citizens should move toward each other.

Assesses Monetary Union, Diestel

AU0107183090 Mainz ZDF Television Network in German 1700 GMT 1 Jul 90

[Interview with Prime Minister Lothar de Maiziere by unidentified ZDF reporter on 1 July; place not given—recorded]

[Text] We asked the GDR head of government how he assesses the economic and monetary union that was implemented today.

[De Maiziere] I think that this is an important and initial major step on the path toward German unity. The mood among the people is excellent. I also believe that it is a reward for the hard work that we carried out during the past few weeks.

[Reporter] I think that talks will continue at a nearly breathtaking pace. Tomorrow evening the coalition parties will convene. What is the current state of affairs concerning the second state treaty?

[De Maiziere] We want to discuss first what elements it should include. We want fast and swift talks in this connection as well. We are not, however, under immediate time pressure because of a date. Economic, monetary, and social union had to be implemented by summer. We managed to stick to the date.

[Reporter] Let me ask you a final question: At the Congress of the German Social Union [DSU] last weekend [23-24 June], the case of Interior Minister Diestel was once more discussed. Does the government have a problem with Diestel now, because you want to keep the interior minister by all means?

[De Maiziere] The government has no problem with Diestel. If the DSU and Diestel have trouble with each other, this is their problem. His mandate, however, is not linked with the DSU. I appointed him, and he was elected by the People's Chamber. This is not linked with membership in a certain party.

[Reporter] The DSU, however, will claim the post of the minister.

[De Maiziere] It is welcome to do that, but it will not be successful.

Anticipates Polarization in Wealth

LD0207075290 East Berlin ADN International Service in German 0004 GMT 2 Jul 90

[Text] Berlin (ADN)—The date 1 July 1990 is of historic importance to him, Prime Minister Lothar de Maiziere said in an interview with NEUE ZEIT newspaper on Monday. "The opportunities for bringing peace to Europe and the unification of Europe in a spirit of democracy; of that too one becames aware on such a day," the politician said. However pleased with developments in Germany and however much thought is given to problems in the GDR, it is nevertheless, important for citizens not to forget "that it is the whole of East Europe which went through this autumn experience."

He is inclined to believe there will be greater polarization between rich and poor in the GDR, "but I think everyone will be able to grasp that success will pay." Anyone achieving more and better things will also gain more.

As far as the second state treaty is concerned, the GDR "might be allowed to describe the requisite matters, but not cling to things which will perpetuate future division." No new barriers should be erected. Thought should be given to how the existing barriers can be sensibly pulled down with suitable protective measures. "I think that by the year 2000, at the latest, one will no longer be able to tell the difference between people in the East and the West," Lothar de Maiziere said.

Asked about the emerging union between the Democratic Peasants' Party of Germany and his party, the Christian Democratic Union [CDU] politician said the farmers are part of the traditional electorate of the CDU. They are calmer and more conservative than the remaining electorate and, looking at it nationally, there is greater church membership among the rural population. "Not having been allowed for decades to be one, we now have the opportunity to become a Christian people's party," the prime minister and CDU chairman said.

Finance Minister Pohl on Chances Created by DM

LD0107093490 East Berlin ADN International Service in German 0837 GMT 1 Jul 90

[Text] Berlin (ADN)—The introduction of the Deutsche mark brings chances for an economic boom in the GDR. Finance Minister Romberg stated this today to the international press in Berlin. He called on the citizens to enter the social market economy with optimism in spite of certain risks. During the past few weeks, through passing numerous new laws, parliament and government have created the possibilities for the citizens to "enter the market economy with a certain degree of social security." Strenuous preparatory work for this memorable day has been performed in the banks, savings banks, and postal service.

The GDR politician welcomed the cooperation now underway between the credit institutions of the two German states. The form of joint ventures is, above all, a suitable support for the East German economy. He encouraged skilled workers and traders to obtain liquidity credit at commercial banks and to get advice from qualified experts.

Romberg said that no further talks with his counterpart, Theo Waigel, are planned for today.

The minister expressly spoke in favor of building up the network of tax consultants in the GDR. East German economists should specifically receive training as tax consultants. Romberg regretted the fact that in the financial sphere of the GDR no laender structures have yet been created. In the future the laender should have full responsibility over finances. According to the minister, the laender financial consultants should be included in the talks on the second state treaty.

Government spokesman Matthias Gehler, who is presenting the rounds of talks in the government media center, gave a briefing about the setting up of a citizens' advice line. Questions to the participants in the talks are being accepted on telephone numbers 23 33 728 and 23 33 842.

Romberg said that GDR citizens know that the Deutsche mark opens up new possibilities for them and that they have to work for them. He has the impression that the citizens have a "very great urge to save." Their purchasing behavior will become clear in the next two weeks.

Economics Minister Pohl on Investment in GDR

LD0207090490 East Berlin ADN International Service in German 0839 GMT 2 Jul 90

[Text] Hamburg (ADN)—Economic Minister Gerhard Pohl considers the future development of enterprises in the GDR as "very hopeful." If only four weeks ago the assumption was that about 20 percent of all enterprises would have to go bankrupt after 1 July, this pessimistic attitude has given way to a "noticeably better mood," Pohl said in an interview with BILD paper (Tuesday edition) [3 July]. "Investments in the GDR are becoming increasingly attractive, also as a bridge toward the East," the minister said.

In order to reduce agricultural surpluses, the GDR is willing "to help the Soviet Union," Pohl said. This includes additional supplies of foodstuffs, but also animals for slaughter. Anything which could not be paid for by barter—Pohl mentioned ore, coal, oil and gas—would be supplied on credit until 1991. "We certainly want to adopt such measures in order to help Gorbachev."

People's Chamber President on Unification Issues

LD0207104490 East Berlin ADN International Service in German 0912 GMT 2 Jul 90

[Text] Berlin (ADN)—People's Chamber President Dr. Sabine Bergmann-Pohl, advocated in a conversation with representatives of the North Atlantic Treaty Organization in Berlin on Monday that the two-plus-four talks and German unification be concluded simultaneously. She believes that membership in NATO by a united Germany, given structural changes to the pact, would also be acceptable to Gorbachev. At the same time, she warned not to view German unification as a purely intra-German process; the interests of the neighbors, especially those of the Soviet Union, have to be taken into account. Every step leading away from the Gorbachev policy, from democratization in the Soviet Union will create problems for the Germans. German union should not unleash a new cold war, Mrs. Bergmann-Pohl said.

Referring to the fear of an economically powerful Germany and Europe, the GDR politician said one will have to show that an economically strong Germany and Europe will be able to devote themselves more to the problems of the Middle East and Third World.

The representatives of the delegation, including the president and general secretary of NATO, Patrick Duffy and Peter Corterier, as well as representatives of the subcommittees for East-West Cooperation and for East Europe and the Soviet Union, called for increased investments in the East German economy. Mrs. Bergmann-Pohl said that the monetary, economic, and social union, which came into force the previous day, are an important precondition for foreign investments.

Diestel, Schaeuble Abolish Border Identity Checks

LD0107084890 East Berlin ADN International Service in German 0833 GMT 1 Jul 90

[Text] Sonneberg (ADN)—As of 1 July 1990, there will officially be no more identity checks on the German-German border. The two interior ministers, Dr. Peter-Michael Diestel and Dr. Wolfgang Schaeuble, signed the relevant agreement today at the crossing point between Hoenbach in Thuringia and Neustadt near Coburg in Upper Franconia.

GDR-Poland Agree on Monetary Union Consequences

LD3006104390 Hamburg DPA in German 0809 GMT 30 Jun 90

[Text] Warsaw (DPA)—Poland and the GDR have reached agreement on the consequences of the currency conversion in the GDR for Polish citizens. The Solidarity paper GAZETA WYBORCZA reports today that Polish Deputy Finance Minister Andrzej Podsiadlo has reached agreement with a GDR delegation, under which Poles working in the GDR on the basis of a contract will be placed on an equal footing with GDR citizens.

Their savings accounts will also be converted in the same way as those of GDR citizens. Diplomats' savings in GDR accounts will be converted at a rate of 2:1 if they have been there for some time, and at a rate of 3:1 if they were only opened in 1990. Agreements on services will be renegotiated. A mixed commission will decide in the case of contentious issues.

Finance Agreements Concluded

LD0107120690 East Berlin ADN International Service in German 0936 GMT 1 Jul 90

[Text] Berlin (ADN)—On 29 June 1990 the negotiations between authorized representatives of the finance ministries of the GDR and the Polish Republic on the mutual relations in connection with the introduction of the economic, monetary, and social union were concluded with an agreement, the Finance Ministry announced today.

According to this, as of 1 July 1990 all noncommercial payments will be conducted on the basis of the Deutsche mark. Transfers by citizens of both countries for family and legal obligations will take place here without restriction.

In the currency conversion of GDR marks into Deutsche marks, the same rules will be used for Polish citizens who have concluded work contracts with GDR enterprises, but who do not have residence permits for the GDR (so-called commuters), as well for persons with actual residence in the GDR.

With the "Decree of 27 June 1990 on the Repayment of Entitled Rights of Owners with Residence Outside the GDR of the Old Savings Redemption Loan," the prerequisite was created that from now on the suspension of these entitlements has also been lifted for Polish citizens and their repayment, including the payment of three percent annual interest in Deutsche marks at a rate of 2:1, will take place.

In the commercial sphere the settlements in the period from 1 July to 31 December 1990 arising from agreements concluded for mutual delivery of goods between the GDR and the Polish Republic will take place in transferable rubles under the conditions pertaining previously. At the same time it was agreed that on the basis of renegotiating the agreements for building, fitting, and workshop services, the settlements from 1 July 1990 will take place in Deutsche marks if the enterprises agree on this.

It was agreed to make the conversion of the payments for other services and the income from the employment of Polish citizens in the GDR the subject of further consultations. The GDR side suggested forming working groups to formulate proposals for the creation of framework conditions for the development of German-Polish relations, taking into special consideration the long-term formation of economic cooperation and the economic development in the areas near the border.

Meckel Views Impact of Union on CEMA Countries

LD0107131490 East Berlin ADN International Service in German 1239 GMT 1 Jul 90

[Text] Berlin (ADN)—Foreign Minister Markus Meckel today reaffirmed the GDR's will to harmoniously solve the effects of German-German economic and monetary union on other CEMA member countries. Economic relations with neighboring states to the east are to be expanded in the future, even if this is on a different basis, he said at a news conference at the conclusion of a three-day international conference in Berlin. According to Meckel, the GDR's trade with East European countries has recently dropped by one fifth. The main cause of this is the revoking or nonfulfillment of agreements by the GDR. The minister spoke in favor of ensuring that economic relations do not break down to the detriment of all concerned, by adopting special regulations during a transitional period. At the same time regional cooperation at national borders should be expanded. The future fashioning of economic relations with East European states is not only a German but also a European task.

Politicians from several neighboring East European states expressed expectation at the news conference that the economic interests of their countries will be taken into account during the process of German unification, and the current disruption will be overcome as soon as possible.

Ministers and state secretaries from the GDR, the USSR, Poland, the CSFR, and Hungary, as well as personalities from politics, business, and academia in the FRG, the United States, France, and Great Britain took part in the conference organized by the New York Institute for East-West Security Studies and the GDR Foreign Ministry.

'Arbitrary Mass Dismissals' Rumors Denied

LD3006090390 East Berlin ADN International Service in German 1442 GMT 29 Jun 90

[Text] Berlin (ADN)—GDR Government Spokesman Matthias Gehler stated the following today on reports that as of 1 July there would be arbitrary mass dismissals at the instigation of the government:

1. Reports of this kind have no foundation: Where there will be dismissals the enterprises will decide for themselves and in no case act on the instruction of the government.

It was and remains the uppermost aim of the government, in particular also of the Labor and Social Affairs Ministry, to prevent unemployment through an active employment policy.

2. With the law on the promotion of labor, which will be valid as of 1 July, new and additional possibilities will be created to make the necessary structural adaptation of the economy as socially acceptable as possible and to avoid or reduce unemployment.

Payments for part-time workers will help to avoid dismissals when there is a temporary shortage of orders. Even if dismissals are in the end inevitable, then the payment of money for part-time workers can create time above all to qualify the workers for new tasks in their own enterprise.

Measures for further training and retraining will be promoted by the labor offices. It is necessary to preserve all the existing training capacities for this and to create new ones. Financial aid is possible for this.

Measures to create work for the public good should be carried out above all by local authorities.

3. Protection against wrongful dismissal will also exist under the legal regulations to be valid as of 1 July. According to these, dismissals are illegal if they are antisocial or violate a legal ban on dismissal, for example, for pregnant women and single parents. The permission of the labor office is necessary for the dismissal of handicapped persons. The legal periods of notice must be adhered to.

It is necessary for the workers affected to make the illegality of the dismissal known within three weeks to the competent offices.

In connection with inquiries made to the Education and Science Ministry, it is stated that the wages of all teachers and their present social status are to be maintained during the school holidays. Information to the contrary, the GDR Government spokesman said, has no foundation and is obviously aimed at spreading uncertainty.

30,000 Soldiers To Be Discharged

LD3006165490 Hamburg DPA in German 1530 GMT 30 Jun 90

[Text] Bonn (DPA)—The plans of the Bonn Defense Ministry for the future of the GDR National People's Army [NVA] are "in the final stages," according to the newspaper WELT AM SONNTAG. Thirty thousand of the remaining 100,000 NVA soldiers are to be discharged. A further 20,000 are to come out of uniform and form a military administration for the present GDR territory, the newspaper reported. The remaining 50,000 men—35,000 in the Army, 10,000 to 11,000 in the Air Force and 3,500 to 4,000 in the Navy—are not, as territorial forces, to be put under NATO control.

The Bonn Defense Ministry declined to make a statement on this "playing with figures." In defense circles in Bonn, however, there have been discussions for some time about reducing the NVA to between 50,000 and 70,000 soldiers.

GDR Defense Minister Rainer Eppelmann took the view only recently, however, that the GDR Army, which has shrunk over the past year from 170,000 to 100,000 men, would maintain this strength.

Eppelmann Cited on Future of United German Army

LD0107183690 Budapest Television Service in Hungarian 1800 GMT 1 Jul 90

[Text] The economic and monetary union is the first and most important step toward the two German states being able to unite. This is the opinion of Defense and Disarmament Minister Rainer Eppelmann. This naturally also raises military questions, he continued, for the most important thing is that after union, the two Armies also be united.

In the period of the formation of the German federation of states, how does he envision relations between the two Armies. While this Army exists, we must continue to retain good relations, said Eppelmann. Since the united Germany will certainly have one Army, we, who have much to thank you for, will endeavor that we be able to maintain further good relations at that time, too.

Rainer Eppelmann arrived today in the Hungarian capital, at the invitation of Hungarian Defense Minister Lajos Fur. The disarmament and defense minister was greeted at the Defense Ministry building with a military parade. During the course of the day, Eppelmann paid a visit to the grave of Imre Nagy and laid a wreath at Heroes' Square.

'Secret' NVA Plan Reported

AU0207124390 Hamburg DER SPIEGEL in German 2 Jul 90 p 16

[Unattributed report: "Eppelmann's Plans"]

[Text] Bonn and East Berlin are quarreling over the future strength of the GDR National People's Army (NVA). In agreement with Defense Minister Stoltenberg (Christian Democratic Union), FRG military experts suggested that the NVA should only retain 50,000 soldiers (32 percent) and scrap all "major items of equipment, including tanks, artillery systems, and aircraft. The staff of the GDR "disarmament and defense" minister, Rainer Eppelmann, wants 100,000 men, as a secret document reveals. Their main task would, among other things, be to "ensure the military protection of GDR territory on all conditions." To achieve this, 35 launch pads for tactical missiles and 85 ships are needed among other things. Eppelmann is also not willing to eliminate all major items of equipment. The document states that the troops will need 1,060 combat tanks and 2,352 armored combat vehicles. After talks with colleagues from East Berlin, the military experts of the Bonn coalition were convinced that the envisaged reduction of troops to 100,000 men will not be sufficient. "This is not sufficient," a leading military expert of the Christian Democratic Union stressed. "They must at least be reduced to 70,000."

Views Canceling Soviet Weapons Contracts

LD2906145990 East Berlin ADN International Service in German 1408 GMT 29 Jun 90

[Text] Hamburg (ADN)—According to Defense Minister Rainer Eppelmann, the GDR is threatened with a conventional fine of 250 million Deutsche marks for the cancellation of existing contracts on Soviet weapons deliveries. In an interview for BILD newspaper (Saturday edition) the minister reported that the GDR is currently negotiating with the Soviet Union with great success to get out of existing contracts. He described the expected conventional penalty as "favorable" as it stands.

All delivery contracts on new weapons, including the ordered 23 Soviet MiG-29 fighters, have been cancelled, said Eppelmann. Only two new ships, whose equipment has already been converted in such a way that they can only be used for coastal defense, have been received. "We are disarming in a serious and genuine way. We are steadily reducing our fighting power," the minister said.

Chamber Committee Meets NATO Representatives

LD0207133690 East Berlin ADN International Service in German 1226 GMT 2 Jul 90

[Text] Berlin (ADN)—A talk with representatives of NATO and the relevant People's Chamber committee on questions of disarmament and defense was held in Berlin on Monday. The focus was on the role of the Warsaw Pact and NATO, the further reduction of military confrontation between the two pact systems, above all through the reduction of conventional Armed Forces, and on the creation of a pan-European security system.

The special interest of the guests and the chairmen of the subcommittees—for East Europe and the Soviet Union, Jan Petersen, and for East-West economic cooperation, Senator Gerard Gaud—focused on the GDR's military future in the united Germany, questions of GDR-Soviet cooperation, and conversion [konversion]. Karsten D. Voigt, chairman of the Social Democratic Party lower house group in the Bundestag's Foreign Affairs Committee, said that the second and final state treaty between the two German States also would contain arrangements for a military constitution.

Karl-August Kamilli (Social Democratic Party), chairman of the People's Chamber Committee for Disarmament and Defense, explained to the NATO parliamentarians the latest developments in the GDR after the monetary, economic, and social union with the FRG. As a member of the Warsaw Pact, the GDR was in Favor of further reforms, but would likewise insist on changes in the future NATO stratey, above all the ban on the deployment of nuclear, biological, and chemical weapons in Germany, and forward defense. A further reduction in the level of defense efforts on both sides and the creation of more trust were important. It was essential to include the Soviet Union in the European security system process.

During the lively debate, in which Luxembourg's former Defense Minister Emile Krieps called for a reduction in the troop strength of the two German states and spoke out against the deployment of short-range missiles in West and Central Europe, other People's Chamber deputies explained to the NATO parliamentarians the positions of their parties on disarmament and defense.

Thousands Gather at Berlin Deutsche Bank

LD0107074790 East Berlin ADN International Service in German 0336 GMT 1 Jul 90

[Text] Berlin (ADN)—Thirteen people had to be given medical treatment in the early hours of this morning as a result of circulatory problems, after the opening of a branch of the Deutsche Bank on the Alexanderplatz in Berlin, on the occassion of the currency conversion. According to the presidium of the people's police, around 10,000 people assembled in front of the branch and temporarily stopped traffic there.

At around 0245, the situation began to normalize. The press spokesman for the Deutsche Bank expressed his gratitude for the calm and circumspect actions of people's police officers and the good cooperation with them.

Interior Minister Diestel Resigns From DSU

LD3006175690 East Berlin ADN International Service in German 1700 GMT 30 Jun 90

[Text] Berlin (ADN)—Dr. Peter-Michael Diestel, deputy prime minister and interior minister, resigned today [30 June] from the German Social Union [DSU]. This is his response to the latest development inside the DSU, especially the moving away by some forces from the party's platform. The unjustified accusations continuously directed against him are considerably hampering his government work and are placing a burden on all the cabinet's activity.

Interior Minister Dr. Diestel wishes every success to the DSU, in particular to the constructive forces of the party. His most ardent wish is for the party to make further progress on the basis of the party program, as well as a constructive contribution to a united Germany.

In order to no longer burden the further consolidation of the DSU with discussions involving his person, Dr. Peter-Michael Diestel has decided to resign from the German Social Union.

DSU Cofounder Resigns

LD0207113190 East Berlin ADN International Service in German 1052 GMT 2 Jul 90

[Excerpt] Berlin (ADN)—Hans-Wilhelm Ebeling, the former German Social Union [DSU] chairman and cofounder of the party, publicly declared on Monday that he has resigned from the DSU.

In his written explanation to the party executive today, Ebeling refers to the party's swing to the right, which became visible at the DSU party conference in Markkleeberg last weekend. Democrats could no longer tolerate this.

The democratic basis laid down by the founding fathers has been abandoned, the letter says. [passage omitted]

Wolf Said Willing To Surrender After Unification

LD3006084190 East Berlin ADN International Service in German 0643 GMT 30 Jun 90

[Text] Bonn (ADN)—Markus Wolf, former GDR head of espionage, intends to give himself up to the judicial authorities after German unification. In an interview in the latest edition of the news magazine DER SPIEGEL, Wolf says that he does not have absolute confidence in West German justice; "however, things are still at a stage where I think I can survive something like that with an appropriate defense and also through reason, which to my knowledge exists among many politicians." There is an arrest warrant in the Federal Republic of Germany for the ex-general for a particularly serious case of spying.

Wolf went on to say that he does not want to emigrate to the Soviet Union after unification. He is prepared to stand up for the former Foreign Intelligence Collection Main Administration and its employees and to take the responsibility. Wolf again gave an assurance that he knew nothing of the links between the Stasi and the RAF [Red Army Faction] terrorists during his period in office until 1986. He had not dealt with this even in his function as a deputy minister.

During his period in office, the Foreign Intelligence Collection Main Administration controlled between 50 and 90 "top people" in the Federal government. These had been "the genuinely important people in the Federal Republic, people with access to secrets or those who were close to leading politicians." In the SPIEGEL interview, Wolf supports offering former agents from his department immunity from prosecution as soon as possible. Thus they would be given the opportunity "to show their loyalty to a united Germany and its constitution, and to accommodate the security interests of the FRG."

Ministry Refuses Release of 'La Belle' Files

AU0207121590 East Berlin NEUE ZEIT in German 30 Jun 90 p 6

[NZ/DDP report: "No Files on 'La Belle'"]

[Text] East Berlin—The GDR Inteiror Ministry does not intend to hand over files of the former Ministry for State Security to the West Berlin internal affairs senator to clear up the bomb attack on the West Berlin discotheque "La Belle." Handing over the files is not possible for legal reasons, the GDR Interior Ministry announced on Thursday evening [28 June], according to an ADN report. Thus the East Berlin government denied a corresponding report by the Hamburg magazine STERN, acording to which GDR Interior Minister Peter-Michael Diestel promised to hand over the State Security Service files to West Berlin Internal Affairs Senator Erich Paetzold (Social Democratic Party of Germany) within the next 14 days. The STERN report does not correspond to the facts, it was said.

Stasi Tapes Might Be Used in Election Campaign

AU0207154690 Hamburg BILD AM SONNTAG in German 1 Jul 90 p 2

[Friedemann Weckbach-Mara report: "Stasi Tapes: Mud-Slinging Campaign Against Kohl?"]

[Text] Stasi [State Security Service] agents who have gone underground want to start a mud-slinging campaign in the upcoming election campaign, using tapes of private telephone conversations of FRG Chancellor Helmut Kohl and other top politicians in Bonn. Security authorities have warned the FRG Government of this in confidential reports.

Until this May GDR spies listened in when Helmut Kohl talked on the telephone, venting his anger about the stubbornness of the British head of government, privately railing against Genscher's independent foreign policy, or rebuking party colleagues. The same goes for Count Lambsdorff, chairman of the Free Democratic Party, who frequently raged about his coalition partner Kohl, and for Social Democratic Party of Germany Chairman Vogel, who—more carefully but still unambiguously—criticized top-level comrades up to the candidate for the chancellor's office, Lafontaine, in telephone conversations with friends.

Smuggled to the West in Return for Cash

For years more than 2,000 agents listened in to the confidential conversations, first for the East Berlin Ministry for State Security (MfS) and then on their own account. Some of the telephone protocols have already come to the West in return for cash. The majority of them were taken by the spies who went underground after the official dissolution of the MfS. According to findings by Western services, from there they want to disseminate the illegal records to help the Party of Democratic Socialism, the successor of the Socialist Unity Party of Germany. Following the motto: "This is How Kohl Deals With Others," new revelations from bugged telephone conversations are to be used again and again to make a fool of the chancellor and others.

Said a high-ranking intelligence service expert to BILD AM SONNTAG: "If these telephone protocols are published via third parties, we cannot even act against them by means of the law." Now the Internal Affairs Committee of the Bundestag intends to deal with this loophole in the laws.

SPD Group Seeks Report From Stasi Committee

LD0207124190 Hamburg DPA in German 1126 GMT 2 Jul 90

[Text] Berlin (DPA)—The Social Democratic Party [SPD] People's Chamber group is calling for an immediate interim report from the ad-hoc committee which is investigating possible connections between deputies and the former Stasi. Much time has passed since the committee was appointed "without the committee having presented results as yet," it says in an SPD press statement today. The SPD People's Chamber group, whose members have already voluntarily stated their readiness to undergo examination, are indignant that there is still no over-all result. The interim report called for should be placed on the People's Chamber agenda as quickly as possible, the SPD demanded in an appropriate resolution from their parliamentary group.

People's Chamber Session Views Energy Sector

LD2806225290 East Berlin ADN International Service in German 1838 GMT 28 Jun 90

[Text] Berlin (ADN)—There will be no decision on the future of the GDR's energy sector until after 2 July. That was the result of a long drawn-out debate which lasted all day with interruptions in the People's Chamber today. The deputies called on the government, as in the previous week, to reveal such far-reaching plans as would change a previous state monoploy into a private monopoly, parliamentarians remarked.

Energy Minister Karl-Hermann Steinberg put forward the government's plan to hand over large parts of the energy sector to three leading West German energy companies. There is no alternative to this if energy provision in the country is not to lapse. Thus it was planned that a German-German operating company should reorganize the provision of electricity on GDR territory in the future. Besides the GDR trust firm, three leading West German electricity concerns—Bayernwerk AG (Munich), Preussen Elektra AG (Hanover), Rheinisch-Westfaelische Elekrizitaetswerke AG (RWE/Essen)—are participating in the company to which the running of the business is to be transferred.

Minister Steinberg made it clear that spending millions, which the GDR could not manage, is necessary for the outdated and delapidated plant which is responsible for a good deal of pollution. During the debate, the government's plans met with strong criticism from the SPD [Social Democratic Party], PDS [Party for Democratic Socialism] and Alliance '90/Greens parliamentary groups, and even that of the coalition parties, the DSU [German Social Union] and Liberals.

"We are leaping into the ice cold water of the social market economy. However, we would like flanking measures," Economics Minister Dr. Gerhard Pohl reacted to criticism of the 11 percent import tariffs planned by the government for Western consumer goods. In spite of this, the deputies rejected this measure by 154 to 90 votes as an ineffective means of steering purchasing power, and thus stopped a relevant decision by the government.

The parliament passed a further package of laws on adapting to West German law. The deputies passed laws on foreign trade as well as the transfer of capital and payments, on property rights, on abolishing GDR laws, on amending and supplementing the civil code, and on social insurance and adjusting pensions to levels in the FRG.

Three days before the German-German State Treaty comes into effect, the parliamentarians debated the first readings of further draft laws put forward by the government, which are indispensable for economic, monetary, and social union in the GDR. After the introduction by the government representative, all groups expressed their opinions in short statements on the rules on skilled trades, on the chimney sweeps law, on the promotion of agriculture law, on the law amending family law, and the law on chambers for doctors, dentists, veterinarians, and pharmacists exercising their vocations.

Economic Minister Pohl introduced the necessary further legal framework conditions for promoting skilled trades in the GDR. Those interested must be able to found firms offering skilled services within a short time, even without having immediately received a master's qualifications. At present there are over 7,000 applications for such exceptional permits in the provinces.

The minister for food, agriculture, and forestry, Dr. Peter Pollack, announced that the agriculture budget for the second half of the year envisaged 5.3 billion Deutsche marks [DM] and for 1991 DM9.1 billion. During the debate, representatives of the DBD/DFD [Democratic Peasants Party of Germany/Democratic Womens League] and PDS parliamentary groups spoke of farmers being in debt to the tune of billions for this year.

The first law amending the family law was described as a further step toward adapting laws to those of the Federal Republic. The document, several speakers said, was mainly in children's interests, with the background of numerous divorces in the country. Thus the obligation to pay support would be adapted to the market economy.

In the view of the CDU [Christian Democratic Union], SPD, PDS, DSU, and Liberals, the law on professional representative bodies and the exercising of their professions by doctor, dentists, veterinarians, and pharmacists is suitable for regulating the representation and self-administration of professional groups within democratic structures. Improvements in the rules on further training and professional accountability are to be welcomed.

The laws defining crimes in connection with currency conversion and on the amendment to the law on bringing into force the illegal rules from the FRG in the GDR were the last points on the agenda of an almost 11-hour-long day of deliberations, and after a first reading, passed on to the relevant committees.

The building had been surrounded by a line of Berlin refuse vehicles—a double file in most places—since the early hours of the morning. The 3,000 refuse workers are thus continuing their strike, which started on Monday, by which they intend to fight for higher fees at the expense of those causing rubbish, securing their net income to date and supplementing their wages. The vehicles work for the most part within a mile cordon, mostly right in front of the entrances to the building.

Economics Minister Pohl made a statement to the deputies on the Berlin garbage crisis. The responsibility for dealing with the claims clearly lie with the Berlin City Government, the minister said, denying the responsibility of the cabinet and parliament.

The 19th session of the People's Chamber will take place tomorrow.

People's Chamber Resolves 'Masses of Text Laws'

LD2906193890 East Berlin ADN International Service in German 1510 GMT 29 Jun 90

[Text] Berlin (ADN)—The news from the People's chamber building was unspectacular today: The 19th parliamentary session debated and resolved masses of text laws. Work here today was practical, constructive, and without the coalition-opposition squabbling of preceding sessions. Once again the deputies had to find their way around several kilos of paper, the contents of which will have considerable repercussions on the future political and economic landscape of the still-existent GDR.

At the start of the session, and in reply to an inquiry from the opposition Party for Democratic Socialism [PDS] parliamentary group, Prime Minister Lothar de Maiziere stated that next week in the coalition committee the practical framework of a second state treaty would be set out. The government head denied that there was already a draft for a second treaty in Bonn and in Berlin. He confirmed that preliminary talks have taken place between the two German states on "what could well be the subject of such a treaty." De Maiziere said that it is certain that property relations, in as far as they were mentioned in the political statement of the governments of the GDR and the FRG," are to be settled in a legally stable form."

At its last session before the introduction of the monetary, economic, and social union between the GDR and the FRG, the parliament passed a total of 13 laws, approved a statement, and dealt with six draft bills in their first reading. In a general debate there was little productive debate on GDR foreign policy, which was put down to the absence of the foreign minister and the apparent incompetence of the state secretary from this ministry. The problem of how a future united Germany is to be integrated into a European security system played a particular role in the discussion.

After the conclusion of the second reading, the People's Chamber passed the law on canceling the pension rules of the former Ministry for State Security/Office for National Security, the law on amending and supplementing the rules on civil trials, the sixth law on amending the criminal code, a law on arbitration offices for employment law, a law on responsibility and procedures in the case of administrative decisions, the structural adaptation law for agriculture, laws on the State Bank and the status and organization of savings banks, laws on amending the trade law and the patent law, laws on proving the legality of obtaining converted currency, as well as on illegal actions relating to the currency conversion, and finally the framework environmental law.

The deputies dealt with the first reading of the drafts of a law on organizing the market for agricultural products, two versions of a law on transferring state property to towns and communites (the law on transfers to local authorities), a draft resolution on simplifying trade under local authorities, and a motion on rules for the payments of child benefits.

The People's Chamber passed a statement on maintaining school meals during the holiday months of July and August.

The pension rules for the former Ministry for State Security will cease to be in force as of 30 June, it is envisaged in the law passed. From now on the highest pension for former Stasi employees wil be DM990.

Among the most important things laid down in the structural adaptation law for agriculture is that "in the event of the sale and leasing of land to be used for agriculture or forestry," the right to buy or lease is denied to private and legally defined persons who did not have their place of residence on the territory of the GDR before 7 October, 1989 for a transitional period.

Speakers from all groups described the law on organizing the market for agricultural and food products put forward by the government as a logical legal adaptation to EEC agricultural law. In the future organizing the market would be indespensable in GDR agriculture in order to avoid overproduction and to secure stable incomes for farmers. Thus, for example, grain, milk, livestock, sugar, oil seeds, fruit, vegetables, eggs and poultry, as well as seeds and plants would be treated as "goods with market rules" [passage indistinct]. The urgency was pointed out with regard to the law on the State Bank in Berlin, which is the successor to the GDR State Bank, as a body in public law and with a basic capital of DM 25 million, and the savings bank law, which stresses the general economic interests of these institutions.

Bernhardt Opitz (Liberals) explained the draft law on proving the legality of obtaining money to be converted. Former Politburo and Central Committee members, as well as state functionaries, who had benefitted at the expense of others, should "not benefit from economic, monetary, and social union." The type of people "whom we want to catch with this law" is the former obtainers of hard currency for the SED [Socialist Unity Party of Germany], said Schalck-Golodowski. The law lays down that an ad hoc special committee consisting of 21 deputies will be formed to examine the matter. The obtaining of money is not legal, it says in the text of the law, if there is an abuse of state or social powers, or a position or activities to the detriment of the common good.

The law on discovering illegal actions in connection with the currency conversion envisages that an examining authority picks out all citizens whose savings as of 6 July, 1990 are 100,000 marks or more. The amounts in accounts are to be discovered by random checks and compared to inventories taken in September in the case of saving book accounts, and in October 1989 in the case of giro savings accounts. If these have risen by 50,000 marks or more this will be passed on to the examining authority, whereby all data protection is to be secured by law.

In order to achieve the local autonomy of towns and communities, it is necessary to transfer publicly owned assets to them. This is the basis tenor in the debate on motions introduced by Alliance 90/Greens, SPD [Social Democratic Party] and CDU/DA [Christian Democratic Party/Democratic Awakening]. Such assets, which served local questions and services, put economic resources into the hands of the towns and communities in order to counteract monopolization and to create new jobs in a short period of time. In connection with the "breaking up of trade in the local authorities," it was repeatedly established that with the transformation of HO [publicly owned retail trade organization] and Konsum [consumers' cooperative] into joint-stock companies, there is still no competition functioning in the sense of a market economy. This is only possible with several suppliers of the same goods on the territory.

At the request of the Committee for Family and Women's Affairs, between July and December 1990 the state child benefit is to be increased by 25 marks per month. In this, only one parent draws taxable income from work and thus only one out of two possible tax-free allowances per child is granted. The chairwoman of the committee, Angelike Barbe (SPD), made this proposal which was described by the CDU/DA parliamentary group as a "violation of the State Treaty."

With the framework law on the environment there is now a document that makes appropriate legal settlements for an ecologically absolute rational economic policy. As stated in the debate, the environmental union between the two German states also comes into force on 1 July. The very demanding stipulations are against the background of the ecologically catastrophic conditions in this area of the GDR. Deputies from several parliamentary groups agreed that in the plan there remains, however, despite every good intention, the question of the costly financing. Alliance90/Greens critically noted the fact that better GDR environmental regulations, for example, in the avoidance of waste and recycling, has previously found no consideration in the law.

German Forum To Join League of Free Democrats

LD2806202290 East Berlin ADN International Service in German 1922 GMT 28 Jun 90

[Excerpt] Berlin (ADN)—The national executive of the German Forum Party has resolved to accede cooperatively to the League of Free Democrats (BFD). This emerged from today's statement by the press spokesman of the liberal People's Chamber group, Wulf Oehme.

Yesterday, the Chemnitz DFP Association, which has one-fourth of the members, passed a resolution for immediate cooperative accession to the BFD. [passage omitted]

ADN Becomes Joint Stock Company

LD2806195790 East Berlin ADN International Service in German 1703 GMT 28 Jun 90

[Text] Berlin (ADN)—The ADN NEWS AGENCY is a joint stock company from today. The managing director of the limited liability company (GmbH) is Guenter Hundro. By this step, ADN is fulfilling a demand in the People's Chamber February Resolution that the status of the agency must be changed.

The general German news agency thus again has the status it had from its founding in 1946 until its expropriation in 1953. Among the 16 shareholders then were the BERLINER VERLAG, the UNION-VERLAG, the EXPRESS-VERLAG, the VERLAG DER THUERINGISCHEN LANDESZEITUNG and the VERLAGSHESSELLSCHAFT NORDDEUTSCHE ZEITUNG.

In the opinion of Managing Director Hundro, from today "a new stage in the efforts of the employees of ADN GmbH to provide consumers with a highly up-to-date and acceptable range of news in words and pictures has begun."

Jeszenszky Visits NATO Headquarters in Brussels

Rules Out NATO Membership

LD2906121890 Budapest Domestic Service in Hungarian 1200 GMT 29 Jun 90

[Text] Hungarian Foreign Minister Jeszenszky said in Brussels that Hungary does not intend to join NATO after it leaves the Warsaw Pact. Jeszenszky held a nearly two-hour discussion with NATO Secretary General Manfred Woerner, and then met the member states' permanent NATO representatives in the alliance's headquarters. After the talks, Secretary General Woerner said that he had accepted an invitation to Budapest from the Hungarian foreign minister.

Holds News Conference

LD2906214190 Budapest MTI in English 1438 GMT 29 Jun 90

[Text] Brussels, June 29 (MTI)—If Hungary wished to join the NATO, this would decrease stability in Europe and not increase security in the region, said Geza Jeszenszky in Brussels at the Hungarian foreign minister's and NATO secretary general's joint press conference on June 29.

Mr Jeszenszky also said he had told his partners that the new Hungarian Government was totally committed to Western values.

Answering a question, Mr Jeszenszky said the Soviet Union should be admitted into a European security system independent of, but parallel to, NATO. The key to the future lay not in switching alliances, but cutting a nuclear power's fear of isolation.

Herr Woerner said he and the NATO ambassador's were highly impressed by both the Hungarian foreign minister's openness and the way he had put his words.

He said even the visit by the Hungarian foreign minister testified to the NATO endeavour to seek as many links as possible with Warsaw Treaty countries, with special regard to states like Hungary that were democratic now and shared the same values as the NATO countries.

He said NATO was making an effort to create a new order of cooperation and security in Europe. While NATO was undergoing change, it wanted to remain part of the new European order as the means of security and cooperation.

As regards Hungary's prospective military role, Herr Woerner said the decision rested with Budapest. NATO wished not only to set up relations with Hungary, but also to do its utmost to help democracy and the development of economy in the country, the MTI correspondent was told.

Herr Woerner said he was delighted to accept the Hungarian foreign minister's invitation to Hungary.

Hints Western Training for Army Possible

LD3006015790 Budapest MTI in English 1905 GMT 29 Jun 90

[Text] Brussels, June 29 (MTI)—Principal security policy issues, the Hungarian position on the Warsaw treaty, and Hungary's new role in the future Europe were in focus at the discussions held by Foreign Minister Geza Jeszenszky at the NATO headquarters on Friday. Speaking to MTI's correspondent after the meeting, Mr Jeszenszky reported that the visit provided an opportunity for expounding in detail on Hungarian foreign policy, partly based on what Mr Antall said during a recent visit to Moscow.

Responding to a question whether the Hungarian requirement for training Army officers at Western military academies, and the possible import of Western arms came up at the discussions, Mr Jeszenszky said:

"This endeavour is fully understandable, which does not however mean that we are transiting from one military block to another. On the other hand, each country sensitive about its independence seeks to identify several sources for importing not only petrol for example but also including certain military equipment..."

During the high-level discussions the purpose was to reach an understanding on primarily political intentions, and this was achieved, Mr Jeszenszky continued. This will be followed by an expert-level comparison of notes and the signing of agreements can then take place.

During the subsequent meeting with Peter Corterier, general secretary of NATO Assembly, talks centered on relations developed with this body. Talks continued over the working lunch, which was also attended by Henning Wegener, deputy general secretary of NATO.

According to the foreign minister the meeting provided an opportunity 'for us to raise the issue of nationalities, bearing particular importance to us, in the context of European security...'

It is of great importance that outsiders on the issue, thus the Western states and members of NATO, take a firmer stand on these issues at bilateral and multilateral talks, and to influence the newly emerging parliaments, who are in the process of drawing up their positions, Mr Jeszenszky said.

Further on NATO Visit

LD0107211890 Budapest Television Service in Hungarian 1700 GMT 1 Jul 90

[Interview with Foreign Minister Geza Jeszensky by unidentified "The Week" program reporter on his recent visit to NATO headquarters; place and date not given—recorded]

[Excerpt] [passage omitted] [Reporter] This visit [to NATO Headquarters] happened directly after the Hungarian National Assembly initiated talks on our withdrawal from the Warsaw Pact. What kind of reaction was there to this?

[Jeszenszky] Well, what they emphasized was that they leave everything completely up to the countries concerned, regarding the behavior they adopt, and what their stance is regarding the Warsaw Pact. They do not wish in the slightest to influence this. I did know this, but it is good if the world is also clear about the fact that there is no question of some kind of enticing going on or of Hungary asking for something. It is a question of us having to search together for something to take the place of the Warsaw Pact, which we deem unneccessary and superfluous. In this, we recognize that the Soviet Union cannot be squeezed out.

The Soviet Union is a superpower and has legitimate security interests, demands, but Hungary does as well. If we could simply stroll out of the Warsaw Pact without any difficulty, then the question of Hungarian security would be left unresolved. I am not a pessimist. I do not say that our neighbors would attack us at once, but for independence, a country also definitely needs—unless it happens to be Switzerland, which is mountainous and has a strong Army—a small country needs guarantees.

[Reporter] Was there any mention of this Central European situation, the Central European dangers?

[Jeszenszky] This was mentioned to a certain extent. I think that the press often exaggerates this. There are democratic governments here who must be able to find a common approach. The finding of a common approach will not depend on Hungary. That the common approach for the moment is missing—let us name it—with our eastern neighbor, is known by the Western world too. For example, it also came up in connection with the NATO General Assembly that while Romania's politics are what they are, there is no question of Romania being invited. They also asked what we suggested their behavior toward Romania should be; I said that we would like Romania's Government and also its people to see the need for [to see] that adapting to European norms has its advantages. For that, however, these norms first of all have to be accepted.

Antall Addresses Christian Democratic Summit

LD3006195790 Budapest MTI in English 1513 GMT 30 Jun 90

[Text] Budapest, June 30 (MTI)—The summit of the Christian Democratic International began in the Budapest Forum Hotel on Saturday [30 June].

The opening address was delivered by Eduardo Fernandez, president of the organization combining the Christian Democratic parties of 54 countries.

He was followed by Prime Minister Jozsef Antall, president of the Hungarian Democratic Forum [HDF], who welcomed the participants of the conference on behalf the Hungarian hosts.

The world conference will deal with the future of Eastern and Central Euorpe and the role of Christian Democrats in the changes that are taking place in the region.

The participants of the event include leading politicians of four continents: heads of state, vice-presidents and prime ministers.

The guests include, for example, Prime Ministers Helmut Kohl (FRG), Giulio Andreotti (Italy), Wilfried Martens (Belgium), Fenech Adami (Malta), Ruud Lubbers (the Netherlands), as well as Christian Democratic Party leaders from 27 countries.

Beside the HDF, the conference is hosted by the other two parties of the government coalition: the Christian Democratic People's Party and the Independent Smallholders' Party.

Eduardo Fernandez, the organization's Venezuelan secretary general, welcomed the eight prime ministers, who are also politicians in Christian Democratic parties. He made special mention of Prime Ministers Jozsef Antall (Hungary), and Tadeusz Mazowiecki (Poland), praising the struggle the Hungarian and Polish peoples had fought against the totalitarian regimes.

He welcomed Chancellor Kohl, since his political activity made a major contribution to a change for Europe and the world, due on Monday, that is the German reunification.

He reiterated that like before, Christian democracy would continue to fight for peace and social justice in each continent.

'The decision by the Christian Democratic International to hold the conference in Budapest is a very high honour,' said Mr Antall in his address. 'This is an acknowledgement of the struggle fought by the nations in the region for independence and also for Christian values.'

He said: 'The brand of Christian democracy that emerged in the wake of the Second World War was a kind of synthesis of Christian, liberal and social elements, and it is no coincidence that this was the trend that proved capable of recreating Europe after the fall of Nazism.

'In the wake of the failure of the totalitarian communist systems in Eastern Europe, parties and movements with a Christian democratic orientation are getting the leading role in recreating the societies that are faced with crisis.'

Mr Antall said he thought in the years to come, these forces would acquire an outstanding role in establishing the new societies that would replace the failed communist systems.

He also pointed out that these countries had been left a heavy economic and social legacy, therefore a full transformation was required in which measures inflicting considerable difficulties on the people were inevitable. Moreover, no quick improvement could be expected in this respect. The economic crisis, that is the fact that the Soviet Union and the other socialist countries had failed economically, had undoubtedly contributed to the democratic change.

The Hungarian prime minister pointed out that Marxism and Leninism and the socialist ideals had definitely failed. This raised a considerable need for adopting responsible political thinking.

He stressed that despite the grim domestic situation, the Soviet Union should be treated as a world power, and no other alternative should be considered but saving Gorbachev and his policy. Any other alternative would lead to anarchy, or even military dictatorship, and a collapsing Soviet Union would pose a threat not only to the region, but the entire world.

Finally, the Hungarian prime minister said he was convinced that Christian democracy was suitable for uniting Europe and the other continents.

The opening addresses were followed by a closed session of the secretariat of the Christian Democratic International with a debate on draft documents.

Discusses Improved Ties With Andreotti

LD3006014790 Budapest MTI in English 1722 GMT 29 Jun 90

[Text] Budapest, June 29 (MTI)—Giulio Andreotti, Italian prime minister, who is visiting Hungary to attend the session of the Christian Democratic International met on Friday with Jozsef Antall, prime minister.

Mr Antall informed his guest about the main trends on Hungarian foreign policy and stressed that Hungary seeks to create a balanced system of foreign policy and economy, and our relations with Italy will play a significant role in these plans. An important element in our foreign policy is the approach to the EC, and Hungary expects to become a full member of the EC in 1995 or 1996.

Mr Andreotti noted that the office of chairman of the EC's Ministerial Council will be taken by Italy from the second half of the year, and it is ready to promote Hungary's advance to the community. He expressed his hope that the Alps-Adria regional cooperation might give a new dimension to the development of bilateral ties.

The premiers exchanged views on the German reunification and were of the view that it can cause no harm to any one state if the emerging new Germany establishes its place both in Europe and in the NATO.

In conclusion, Mr Andreotti expressed his hope that the upcoming Venice summit of the Alps-Adria group will provide an opportunity for Mr Antall to pay an official visit to Italy as well. The time of the visit will be set through diplomatic channels.

Talks With Mazowiecki

LD3006200290 Budapest MTI in English 1607 GMT 30 Jun 90

[Text] Budapest, June 30 (MTI)—Prime Minister Jozsef Antall has held talks with several high-ranking politicians, in Hungary to attend the summit of the Christian Democratic International, staged in Budapest.

On Friday, he met with Italian Prime Minister Andreotti, and then, after the Friday gala dinner, with West German Chancellor Helmut Kohl.

He hosted a breakfast for Prime Ministers Wilfried Martens (Belgium), Jacques Santer (Luxemborg) and Ruud Lubbers (the Netherlands) on Saturday.

During the plenary session on Saturday, the Hungarian Government head held a tete-a-tete meeting first with Polish Prime Minister Mazowiecki and then with Herr Kohl, followed by a meeting between the three of them.

Summit Ends

LD0107010790 Budapest MTI in English 1851 GMT 30 Jul 90

[Text] Budapest, June 30 (MTI)—The first summit of the Christian Democratic International drew to an end in Budapest by passing a closing message.

As reported, the opening addresses were followed by a closed session with the participation of the state and government heads, and party leaders present, who discussed the changes that had taken place in the countries of Central and Eastern Europe.

They praised the role Christian Democracy played in the changes, and the fact that in many of the countries involved, parties with a Christian Democratic orientation had the chance to form government.

The possibilities to open for the new democracies in European institutions were also touched upon, with special regard to admission in the Council of Europe and the European communities, for which the chances were said to be good.

Finally, the participants of the closed session also spoke of what impact the East European changes were expected to make on the struggle for democracy going on at various places of the world.

At the press conference held in the break of the summit, Eduardo Fernandez, president of the Christian Democratic International and secretary general of the Christian Democratic Party of Venezuela, spoke in memory of all the victims of the struggle fought for the East European changes and in recognition of Mikhail Gorbachev's policy, which, he said, was leading in the direction of genuine changes.

Mr Fernandez announced that the next summit of the organization would deal with the issue of North and South.

Hungarian Prime Minister Jozsef Antall said there were difficult times ahead of the peoples of Central and Eastern Europe, but it was to be hoped that after privatization, the economy would make for catching up with Western Europe. This would probably be accompanied by the rise of political freedom in the wake of the decrease of the Soviet Union's influence over the region.

The message passed by the session expressed the solidarity of Christian Democratic parties with the Hungarian and the other Christian Democratic parties in Central and Eastern Europe, as well as recognition of their activity.

The message states that the European developments would have a favourable effect on the process of democratization throughout the world.

An MTI source says that in his address delivered at the closed session, FRG Chancellor Helmut Kohl appealed for new supporters for the FRG Government's effort to provide assistance to the countries of central, eastern and southern Europe. He pointed out that these countries now needed practical help in every field: political, economic and moral alike.

Christian Democrats Deny Romania 'Preferences'

LD3006200990 Budapest MTI in English 1645 GMT 30 Jun 90

[Text] Budapest, June 30 (MTI)—'The Christian Democratic group of the European Parliament is making an effort not to provide the same preferences to Romania as to the other former socialist countries,' jounalists were told by Egon Klepsch, head of the group, in the break of the Christian Democratic International's summit.

Answering a question he added that in order to win the European Parliament's goodwill, Romania should abandon the persecution of the democratic oposition and make sure that no similar incidents to the recent ones should occur, as well as leave no doubt about its intension to establish a democratic society and not a new totalitarian state.

The press conference was also attended by Prime Ministers Jozsef Antall and Wilfried Martens, as well as Eduardo Fernandez, head of the Christian Democratic International and secretary general of the Christian Democratic Party of Venezuela.

Romanian Treatment of Opposition Criticized

LD2906142490 Budapest MTI in English 1239 GMT 29 Jun 90

[Text] Budapest, June 29 (MTI)—Imre Szokai, deputy secretary of state at the Ministry of Foreign Affairs, summoned the Romanian ambassador to Budapest into his office on June 26 to hand over a memorandum. The memorandum was read out to the press on June 29 by Janos Hermann, new Foreign Ministry spokesman.

In the memorandum the Foreign Ministry is requesting the Romanian Foreign Ministry to provide adequate information on the June 13-14- 15 bloody events in Bucharest, since the related message to the Hungarian prime minister by Petre Roman, Romanian prime minister, fell short of this requirement.

The memorandum points out that the Ministry of Foreign Affairs of the Republic of Hungary presented the official Hungarian position in a communique published on June 16. In that it expressed the deep shock of the Hungarian government and people at the brutality of the action against the people demanding the expansion of democracy in Bucharest, such brutality as the civilized Europe has not experienced for decades.

The savage organized attack on the political opposition, the beating of MPs Zsolt Szilagyi and Laszlo Zsigmond were incongruent with the European norms, and they could retard the budding process of democratization in Romania. The communique also called for full guarantees for fundamental human rights.

Even then, the communique pointed to the use of past methods and similarities between the methods used in the March 20-21 anti- Hungarian pogroms and the latest bloody events in the capital.

These methods, says the memorandum, indicate that the action and retaliation upon the demonstrators took place purposefully and according to a meticulous script, which wanted to appear democratic even in retaliation.

In the memorandum, the Hungarian Ministry of Foreign Affairs calls the attention of the Romanian side to the need for using human methods when dealing with the Romanian citizens interned and observing the human rights.

It says it hopes that this time the Romanian government will provide authentic information for the international public on the enquiries into the Bucharest and Tirgu Mures atrocities.

The Hungarian side also hopes that an authentic report will name the real perpetrators and rehabilitate the Hungarian community and see that justice is done to the victims of the show trial. It also calls for information in connection with what happened to Carcula Gheorghe, Bela Greczi, Stefan Horvath, Sandor Puczi Kozak, Erno Puczi Kozak and Geza Kallo.

Mr Hermann said that the Hungarian side was prepared to meet Romanian foreign affairs officials, even immediately if wished, either in Budapest or Bucharest.

The new spokesman announced that Foreign Minister Geza Jeszenszky had requested the permanent observer's status for Hungary in the Organization of American states. Answering a question, he said the relations between Hungary and the Latin American states were expected to intensify.

He also mentioned that the new Hungarian government's foreign policy assigned the same important role to the People's Republic of China as before, considering China to be a determining factor in world politics and a particularly important partner for the Hungarian economy.

The spokesman added that the Hungarian Government did not consider Taiwan an independent state, but wished to take advantage of the possibilities inherent in an economic and technical, scientific and cultural cooperation with Taiwan. Therefore, the Hungarian Chamber of Commerce will open an office in Taiwan explicitly with business purposes.

Defense Minster Fur Meets GDR Counterpart

LD0107103990 East Berlin ADN International Service in German 0938 GMT 1 Jul 90

[Text] Budapest (ADN)—GDR Disarmament and Defense Minister Rainer Eppelmann arrived in Budapest today [1 July] on a two-day visit at the invitation of his Hungarian counterpart Lajos Fur. Immediately after his arrival, the GDR minister honored the memory of Imre Nagy with a wreath. Nagy was the Hungarian premier executed in 1957, and who became a symbol of the 1956 Hungarian revolution.

This afternoon the Warsaw Pact defense ministers will meet for their first talks during which current questions of the pact are to be discussed against the background of the Hungarian parliament's decision to leave. Further topics are the future cooperation between the two countries and Hungary's expectations of the GDR within the German unification process.

Soviet Troops Said Dumping Munitions in Park

LD3006204890 Budapest Domestic Service in Hungarian 1600 GMT 30 Jun 90

[Interview with Alliance of Free Democrats Deputy Gabor Demszky by reporter Jozsef Orosz; place and date not given]

[Excerpts] [Begin recording] [Demszky] The departing Soviet Army is leaving behind, in the Kiskunsag National Park, mines, missiles, tanks, grenades, and all kinds of detonating charges.

[Orosz] Are they leaving them behind deliberately?

[Demszky] They are throwing them away. The story is interesting, so I took the peculiar step of taking some away with me, because this matter is common knowledge. A video film has been made, and sent to the Environment Protection Ministry. The park rangers in the Kiskunsag National Park are constantly saying that there are serious problems here.

[Orosz] And the bombs are still there?

[Demszky] The bombs are still there. I handed over these explosive devices to the parliament's security guards, and they were taken away by explosives experts. [passage omitted on elaboration] There are several tons of material. The ammunition is being dumped by the truckload.

[Orosz] Why are not they taking them away?

[Demszky] What I do not understand is that this is land rented from the Defense Ministry, so why does the Defense Ministry not protect this and clear away this dangerous waste? Why do they not stop this strange littering activity? [end recording]

[Announcer] On the line we have Government Commissioner Major-General Antal Annus. What do you say to all this?

[Annus] What Mr. Demszky was talking about is true, inasmuch as it is a question of the shooting range and practice territory used by the Soviet troops. They have not yet handed back this shooting range to the Hungarian state.

[Announcer] So is it a question of you only being able to take action when the Soviet troops have handed this back to the Defense Ministry?

[Annus] At present they are completely responsible for this situation, as users.

German Union 'Considerable Impact' on Trade

LD0107175690 Budapest MTI in English 1634 GMT 1 Jul 90

[Text] Budapest, July 1 (MTI)—The German currency union is making a considerable impact on Hungarian-GDR trade. By late June, surpluses worth approximately 50 million roubles had accumulated in Hungarian trade which might well reach 200 million by the end of the year.

GDR firms have so far cancelled orders to the tune of 60 million roubles, and further cancellations in the value of 60-70 million can be expected, said Mrs J Nemeth responsible for GDR relations at the Ministry of International Economic Relations.

She said that it was primarily orders for Hungarian machine industry and agricultural products that were being cancelled by the GDR. They no longer needed, for instance, forints equal to 60 million roubles, originally meant for touristic purposes.

All in all, out of the 2,000 million Hungarian-GDR turnover forecast for this year, probably only 1,700 million will be realized.

While GDR companies are one by one cancelling import contracts with Hungarian firms, their export offers have been skyrocketing recently: These involve huge quantities of articles that Hungary could formerly get only in small amounts and for roubles.

This means that this year, unprecedented quantities of household appliances and knitted clothing articles will arrive, as well as 25,000 four-stroke Trabants in the second half of the year.

Complete Six-Month Emergency Package Outlined

LD2906153190 Budapest MTI in English 1216 GMT 29 Jun 90

[Text] Budapest, June 29, 1990 (MTI-ECONEWS)—Gyorgy Matolcsy, secretary of state for the office of the Council of Ministers, presented an economic emergency package on Friday, intended to create a sound basis for the implementation of the new three-year government program to be launched on January 1, 1991. The package will be discussed by the government next week.

The emergency package for the last six months of the year contains a programme to tackle the question of privatization, the encouragement of an enterpreneurial spirit, decentralization, cuts in budget spending and the establishment of a new social welfare system in Hungary.

In its survey of the international conditions, the document states that the Soviet Union seems to be willng to show a certain degree of 'understanding' in the period of transition to new trading practices, and that the Hungarian government can hope for considerable help from the West. One of the most imortant elements of the package is the elimination of intercompany debts which have accumulated between Hungarian state-controlled companies and now amount to 200 and 300 billion forints (3-4.5 billion USD). The current 25-30 per cent inflation rate in Hungary is largely the result of these debts.

Initially, the 30-40 most indebted companies will probably be put under direct state supervision via the state assets handling agency and bankruptcy procedures will be started against them. Following this, a clearing system will be introduced for the further 500-600 companies involved in the debt-chain to settle their mutual debts. To this end, the Hungarian banking system will establish the currently lacking information base by mid-August.

The package includes a solution whereby part of these 'bad' debts might be eliminated by selling the debts to international or internal capital investors and also by converting part of the debts into securities. It is expected that a solution will have to be found which enables companies to meet a sizeable part of their unpayable debts to commercial banks (approx. 200 billion forints) through an increase in state debts.

A discount institute will be set up with capital of about 5 billion forints (77 million USD), 51 per cent owned by the state. In an effort to prevent companies from going bankrupt this institute will discount claims by 2-300 small companies for a transitional period of several months, until such companies receive their outstanding claims.

National Smallholders Condemn Government Pact

LD3006201190 Budapest MTI in English 1747 GMT 30 Jun 90

[Text] Budapest, June 30 (MTI)—"The government programme lacks the objective foundations and the means of implementation," said Imre Boross, member of the Operative Committee of the National Smallholders' Party, in Szeged on Saturday [30 June].

At the session of the party's national board held in the party centre, Mr Boross launched sharp criticism at government and parliament alike. He said that the national smallholders condemned the pact between the Hungarian Democratic Forum and the Alliance of Free Democrats.

"This pact was produced totally without the participation of the public or the coalition partners." Mr Boross feels this method is reminiscent of the practices of the former party state.

The session of the board was also attended by representatives of other parties. Vilmos Meszaros, head of the Hungarian Liberal Party, called on the National Smallholders to cooperate in order to help the bourgeoisie recover its former status and become one of the leading strata again in Hungary.

Ferenc Morvai (Hungarian Socialist Party) called for joining forces between the opposition parties, since he thought that power was now in the hands of people who were not competent and might drag the country into catastrophe, unless the opposition parties intervened.

The conference appointed a 19-member national presidium of the party. Istvan Szegho was appointed as president and Imre Boross as secretary general.

Effects of German Monetary Union on Poles Viewed

AU2906131990 Warsaw GAZETA WYBORCZA in Polish 27 Jun 90 p 2

[Alina Bialkowska report: "What Comes After The Union?"]

[Text] There are only a few days to go before the first major change to the post-Yalta political order. On 1 July, the two German states, which until now have belonged to two mutually antagonistic blocs, will form a customs and monetary union. What does that mean for us in practice, and how are we prepared for it?

The Customs Union

1. Poland and the GDR are bound by four bilateral agreements concluded in the 1970's, which lay down the rules governing the movement of citizens of one country to the territory of the other, and the methods of crossing the border. All these agreements have to be renegotiated.

The most urgent one is the 1971 agreement on joint border controls, whereby customs and passport controls are only carried out on one side of the border. In principle, these controls ought to be divided into two independent parts—one control on the German side, and one on the Polish side. But it takes time to prepare such changes, so Poland wants to continue with the present system until the end of the year.

2. Border traffic will probably increase, especially from Germany into Poland (a major jump has already occurred this year; for example, in May 1989, 104,000 people used the Kolbaszkowa border crossing in both directions, but in May 1990, 239,000 people did so). The main reason for this increase will be the introduction of the Deutsche mark [DM] in the GDR. Polish goods will automatically become "cheaper" for anyone entering Poland. GDR citizens need only an identity card to enter Poland, whereas Poles still need an invitation to enter the GDR, a rule that was introduced in 1980.

The Monetary Union

1. For Poles, this mainly means that as of 1 July, they will no longer be able to buy anything in the GDR with GDR marks.
2. If Interflug air fares are converted to DM on a 1 to 1 basis (the worst possible scenario for us), zloty fares will jump up by a factor of 11 or 12. Apparently, Interflug wants to add to the old fares a kind of supplement which would be less expensive than a mechanical conversion of the fares.
3. Despite Poland's efforts, the GDR is trying to annul some of the decisions reached during Leszek Balcerowicz's talks in East Berlin last week. It still refuses to recognize the GDR marks which Poles have accumulated in savings accounts. Polish circles are talking of a "wound whose depth no one knows."
4. The restructuring of GDR trade is already causing changes to trade with Poland. During a meeting with FRG Economic Minister Helmut Haussmann, it was decided that Poland would prepare a list of commodities and enterprises that are particularly dependent on East German customers. This is meant to be the basis on which to work out a strategy for a painless changeover to new conditions of cooperation between Poland and East Germany.

Article Reviews Status of German Minority

PM2906111690 Warsaw POLITYKA in Polish 28 Apr 90 p 4

[Jerzy Tomaszewski article: "The Tail of the Ostrich: A Few Words on Ethnic Minorities: The Germans"]

[Text] Recent months brought many articles in the Polish press on the subject of Germans who are Polish citizens and live in our country. Until now I have not attempted to write about this minority for two essential reasons. The first reason was that I failed to obtain enough credible information to allow me to draw conclusions or to formulate recommendations. The second reason had to do with interference from the censor's office. There were several cases where the censor deleted perfectly marginal references to Germans living in Poland. At the present time, however, the question of the German minority does merit reflection.

I still do not know how many Germans—that is, Polish citizens, who feel close ties with German tradition, culture, and language—live in our country. There are some who try to deny the existence of this minority and maintain that the "real" Germans left our country a long time ago. True, in the past we experienced several waves of emigration to both German states. Incidentally, it was not only Germans who left then. If today we find people in Poland who declare their links with the German nation, this means that the German minority does exist, and it is no good burying our heads in the sand. As is commonly known, such a posture only makes it easier to pluck feathers from the ostrich's tail.

There is no question that in the past we had to contend with the phenomenon of the so-called Volkswagendeutsche—that is, candidates for financially motivated emigration, who have decided that the easiest way to leave is to pose as Germans. The late lamented Eugeniusz Kopec once wrote about characters from prewar Silesia who made their ideological vacuum into a trading commodity. This comment can probably be applied to the Volkswagendeutsche, too—though perhaps not to all of them.

Please do not regard the above as proof that the emigres are ignored. On the contrary, they are a tragic product of at least two centuries of Germanization policy and Polish-German conflicts. Under Prussian rule, acceptance and adoption—even if superficial—of German culture brought advantages. Sticking to the Polish tradition was even sometimes punished with repressions. The Polish language was derided and Polish traditions were regarded as proof of cultural inferiority. Many families found themselves facing a dilemma, having lost their links with the popular Polish tradition, while having failed to forge any authentic bond with the German tradition. This situation did not change during the interwar years within the German Reich borders (including pre-Nazi), and certain German organizations even reached to financial arguments—thanks to the material support they found in Berlin—to consolidate their influence in Poland, especially among communities which found themselves on the border between two cultures. Polish authorities and organizations attempted to counteract these moves. This regular competition to win souls, which was particularly acute in Upper Silesia, frequently exacerbated the uncertainty felt by people living within the area where the conflicting influences were at war with each other.

The changeable and inconsistent policy pursued by the Polish administration after 1945 compounded the unhappy situation, accompanied by ignorance and anti-German bias on the part of a significant proportion of Polish population.

If today certain politicians in the German Federal Republic attempt to represent the existence of this confused community devoid of an ideological compass as either a feather in the cap of German culture or the object of political bargaining, this can only bring disgrace upon their particular brands of German politics. The tragedy suffered by many generations as a consequence of German nationalism is today being displayed and bargained over almost as if it were a state jewel. This, however, does not alter the fact that even as we construct the model of a democratic Poland, we must respect individual decisions made by people who have come to the conclusion they are Germans—regardless of circumstances and regardless of the tragic past suffered by individual families. Or perhaps precisely because of this past: We must allow them to choose what they see today as the best solution. Perhaps in the future they will regret this rash step, but no one has the right to force them to take a different stand.

We can, however, also demand the same treatment from the FRG. Adherence to current nationality legislation, which makes it very easy for a large proportion of Polish emigres to obtain German citizenship, is tantamount to a continuation of the shameful tradition of German nationalism. In the past this tradition produced the split-loyalty mentality; today, it produces the Volkswagendeutsche.

We also have in Poland Polish citizens who traditionally maintain strong links with German culture while remaining distanced from Polish culture. In the past they often attempted to conceal their nationality: First, to avoid resettlement, and later, out of fear of their Polish neighbors. Feelings of anti-German resentment among the Polish population are a natural consequence of the past. It is small wonder that even the children of former anti-Nazi activists living in Poland sometimes prefer to avoid the anticipated hostility from people around them who remember only one stereotype: that of a criminally-minded German nationalist. We simply encountered too many such figures in the past.

Today Germans who are Polish citizens want to be able to fully exercise their civic rights, which include the right to cultivate their native tongue and preserve their culture. Regardless of how many of them live in Poland, we realize that this problem has evolved into the question of the German minority and must be resolved somehow.

Historians—and not only they—will easily perceive analogies to the past here. We know that in the thirties a sizeable proportion of the German minority remained at the service of the Nazi regime. Can history repeat itself? Does the recognition accorded to the German minority and its rights not open the way to a new "fifth column?" We should not brush these questions aside with generalized stereotype answers, nor should we pretend that they are of no significance today. Even if after 1945 momentous changes took place in public consciousness in both German states, and especially the German Democratic Republic, and the definite majority of people now reject the Nazi past, still the nationalist tendencies have not disappeared from the face of the earth.

There are several essential reasons why we should oppose all attempts to discriminate against our fellow German citizens. First of these is the historical experience. The Reich's Germanization policy in Poland was in the past responsible not only for the emergence of pro-Nazi groups (let me reiterate: German patriots should treat the existence of such groups as a disgrace to their nation), but for the reinforcement of anti-German attitudes in Polish society. Attempts to counteract the influence exerted by German cultural and educational organizations in Poland in the thirties all too often rebounded in practice precisely on communities opposed to Nazism and on ordinary people who had nothing to do with Nazism but nevertheless found it very difficult to send their children to German schools. As a result, the discrimination policy—even in its mildest form—served to reinforce the attitudes it was in theory intended to eradicate.

The second reason involved international policy considerations. It is in the interest of Poland's foreign policy to maintain good relations with both German states and, eventually, with the unified Germany. It is hard to envisage such relations continuing for long if the German minority in Poland finds itself in a disadvantaged position. I believe that the past Polish policy of pretending that the problem did not exist was a serious mistake. Even if it is assumed that the number of Germans remaining in Poland is no more than a dozen or so thousand, it is still improper to approach the complex problem of national minorities solely from the statistical angle. It was not until the FRG began to show interest in the subject that the question of the German minority in Poland was brought into the open.

Finally, there is a third argument, which I see as particularly valid. If we are serious in our resolve to treat the proposal to create a democratic state system in Poland, then the civil rights in the republic should be vested not only in the majority of citizens but also in all minority groups. Democracy does not consist merely in the majority of the population having the decisive voice. The democratic system is created only when that same majority can show respect for different interests, customs, traditions, and wishes of the minority groups. True, there are actions and aspirations which can jeopardize the well-being of the state and its people. However, only those who have committed the offenses and are guilty of transgressing the law, not the entire community to which they belong, should be held to account.

Walesa Addresses Conference on Central Europe

LD2906020890 Warsaw PAP in English 2253 GMT 28 Jun 90

[Text] Vienna, June 28—Following is the abridged text of an opening address Solidarity leader Lech Walesa delivered at an international conference "Central Europe on the Way to Democracy," organized by the Vienna-based Institute of Human Sciences at the Austria Center here:

It is a true honour for me that I may open the debates of such an important meeting of scholars and politicians which we all need so much.

I am deeply convinced that our gathering will contribute to better mutual understanding and cooperation in difficulties that are piling up before us today.

There is no freedom without solidarity—this slogan was repeated over and over again by shipyard workers who went on strike in May and August, 1988. The participants in that protest did not realize that they would be regarded by history as the Columbuses of a political breakthrough to take place in Central Europe in autumn next year.

It is exactly this peaceful style in which dialogue was chosen instead of confrontation, it is predilection for compromise instead of unyieldingness that determined the shape of what was termed in recent months as the Polish model of transition from communism or the Polish road to democracy. This formula enabled us to achieve astonishing results which the method of an open confrontation involving unpredictable social costs could not have produced. The Romanian example is a gloomy proof of this.

The emancipation of societies of Central Europe was not a difficult task in comparison to the number and vastness of problems which they face while learning the principles of democratic public life.

One of the biggest threats faced by an emerging democracy is, in my opinion, the reinstatement of new monopolies of power in the ruins of old regimes. A monopoly, irrespective of in whose hands it is, is evil by its nature.

Countries of the West which are morally responsible for the results of Yalta should be flexible and tolerant in seeking the repayment of their dues in order to avoid the situation when the entire national income would go to the safes of Western banks instead of being assigned to modernization and restructuring of Central European states. Otherwise, the enormity of communist economic devastation, coupled with creditors' impatience, will curb free market reforms and make the rest of society poor.

Not long ago the current creditors of countries of Central Europe used to allocate stunning sums for defence, spend money on modernization of various kinds of weapons, be inclined to make the biggest financial efforts in order to neutralize the hegemonic policy of the Soviet Union, to protect Western civilisation against war and the spectre of communism.

And today when the Yalta order is falling apart, first of all owing to the unyielding attitude taken by the nations of Central Europe themselves, rich and developed countries demand from young democracies with ruined economies to meet the commitments of their communist predecessors. Countries that are parting with real socialism need social peace to which the key lies in the economy. The West has a big influence on the economy of countries of the centre of Europe, even through cooperation based on joint ventures with mixed capital.

Societies going through a speeded up course in democracy are much tempted by all sorts of nationalist ideologies carrying a seed of intolerance. It would be a true drama for a new Europe if its central part were disrupted with ethnic and national antagonisms. Germs of a potential ethnic conflict are planted in all the states of former Soviet dominium, except for ethnically homogenous Poland. One should not be surprised by this but rather counteract this.

For the future of Europe a fundamental issue will be the ability of political leaders of great powers and powerful states to work out a new, ethical style of political activity in relation to smaller and politically weaker states. A restrained or even opportunist attitude taken by governments towards independent Lithuania points out that one will have to wait for a long time for the materialization of the postulate in question. Admitting Poland to 2+4 talks—in their part concerning her vital interests—permits to hope that the gloomy practice of Yalta will never be repeated again.

Europe is destined for unity, and responsibility for its fate should rest with all the countries of this continent to the same extent.

Mazowiecki Previews Christian Democratic Summit

LD3006192390 Warsaw PAP in English 1425 GMT 30 Jun 90

[Text] Warsaw, June 30—Premier Tadeusz Mazowiecki went on a one-day visit to Budapest today at the invitation from Hungarian Premier Jozsef Antall to take part in a congress of the Christian-Democratic International.

Before his departure, the premier told PAP journalist:

"The heads of government of states who are also Christian politicians or are organizationally linked to Christian democracy will be present at the Budapest congress. Premier Antall strongly invited me to come and Chancellor Kohl also asked me to hold talks with him.

"I would also like to meet Italian and Belgian Premiers Andreotti and Martens. The meeting in Budapest is an opportunity for some less formal contacts to discuss issues important for Poland. I would particularly like to hold talks on Polish debt."

Asked whether he planned to take part in a meeting of Citizens' Committees here today, the premier answered that this would be impossible because of a packed programme of his visit to Budapest.

Kharkov Forest Exhumations To Begin 20 Jul

LD3006010890 Warsaw PAP in English 1538 GMT 29 Jun 90

[By PAP special reporter Waldemar Siwinski]

[Text] Kharkov, June 29—The exhumation of graves in Kharkov Forest where most probably Polish officers from the Starobelsk camp murdered by NKVD [People's Commissariat of Internal Affairs] in April and May of 1940 were buried will start on July 20. This sensational news was released today by Kharkov District Prosecutor Gennadiy Kozevnikov who told PAP that the exhumation work would probably last till August 1.

The exhumation should provide final material evidence to confirm the thesis as to which neither the prosecutor nor the head of the local KGB General Nikolay Gibdulov have got the slightest doubt. The thesis is that all or at least majority of Polish officers from Starobelsk were brought to Kharkov in April and May of 1940 and murdered on the premises or in the yard of the then NKVD headquarters in Chernyshevskiy St. and their bodies were buried in the nearby forest.

The question of the participation of Polish experts in the exhumation has not been settled yet.

Peasant Party Leader Joins Farm Ministry Talks

LD2906122790 Warsaw PAP in English 1100 GMT 29 Jun 90

[Text] Warsaw, June 29—Leader of the Polish Peasant Party Roman Bartoszcze joined today talks between Vice-Premier Czeslaw Janicki and farmers' protest committee.

They are discussing whether to let ministry's employees into the building.

Police Disperse

LD2906131890 Warsaw Domestic Service in Polish 1200 GMT 29 Jun 90

[Text] Just before 1200 GMT doors leading to the building of the Agriculture Ministry were opened. Police units surrounding the building left. Everything points to talks between the protesting farmers and government representatives probably starting soon.

Police Enter Agriculture Ministry

LD2906174190 Warsaw Domestic Service in Polish 1700 GMT 29 Jun 90

[Text] I have an urgent piece of news for you. A moment ago we received the news that the police have entered the Agriculture Ministry building and that the protesting farmers are singing religious and peasant hymns.

Police Communique on Actions

LD2906191290 Warsaw Television Service in Polish 1730 GMT 29 Jun 90

[Communique issued by the government press office; place and date not given]

[Text] In the face of the extended occupation of the Agriculture and Food Economy Ministry, the police have been authorized to undertake actions having as their aim the unblocking of the building. Such a decision has turned out to be necessary as the attempts to persuade the protestors to leave the building, many times undertaken by members of the government, have not brought results. The occupation of the building, making the work of the ministry impossible, has transgressed the elementary principles of order in the state. The government has declared its readiness for talks with representatives of farmers' trade unions, and Premier Tadeusz Mazowiecki, after talks with Polish Peasant Party [PSL] Chairman Roman Bartoszcze, proposed that they begin this coming Tuesday. The condition was, however, that the occupiers leave the building, as the government would in no way undertake talks under the threat of actions not in accordance with the law, we read in the communique.

Meanwhile, after a momentary opening of the ministry, it was again blocked by the occupiers. As all attempts on the part of the government for a solution to the conflict on the basis of accord did not bring results, action by the law and order forces commenced. The undertaking of talks with the official representatives of farmers' organizations on all the difficult subjects relating to agriculture is not however precluded.

[Warsaw Domestic Service in Polish at 1800 GMT on 29 June broadcasts a brief report which states that "The police, who entered the Agriculture Ministry, are leading protesting farmers out of the building."]

Commentary Views Walesa's Political Position

AU2906135690 Warsaw SZTANDAR MLODYCH in Polish 27 Jun 90 pp 1, 2

[Henryk Urbanowski commentary: "A Presidential Pseudo-Crisis"]

[Text] In January and February, he was still one of the world's most popular politicians. He was received by monarchs, presidents, the most powerful businessmen, and well-known intellectuals, and had every reason to believe his star would shine on for a long time.

It gradually began to emerge, however, that although he still enjoyed prestige, under the progressing Polish democracy Lech Walesa was ceasing to be a partner for these selfsame prime ministers and presidents. After all, these people have other legitimate Polish counterparts, such as Tadeusz Mazowiecki and Wojciech Jaruzelski. The number of invitations from abroad and visits to Gdansk fell. Naturally, Walesa's personal influence on Polish politics also fell. He himself intended to "go fishing."

From the many contradictory statements he has made, it is difficult to decide whether he himself wanted to return to the main political stage and start a presidential campaign, or whether he was compelled to do so by his closest aides, who were still intent on basking in his light. The fact is that it is these people who started to present Jaruzelski's presidency as something highly immoral and impossible to tolerate any longer. Since the last few days, however, there has been no doubt that Walesa wants to be president, and that is that.

It is a pity that by rejecting the constitutional amendments, the Sejm has postponed Walesa's possible election until the new constitution is in force. Voting in favor of maintaining the present constitution, the Sejm deputies from the Democratic Party, Polish Peasant Party, and partly from the Citizens Parliamentary Club are accused of being guided by personal ambition. It is true that many of them will stand no chance in the next election. It is also true that at least some of these deputies were motivated by a reluctance to let Walesa become a candidate for president. In fact, Walesa now ought to pray that President Jaruzelski, acting under pressure, does not play a trick on him and resign from the presidency before the new constitution has been adopted. For according to the present constitution, a new president can only be elected by the National Assembly, and after all that has happened inside Solidarity and the Citizens Committee movement, Walesa cannot be sure he would win. He already has enemies, not only among the old order, but also among his own brood.

One can hazard the statement that we have had a presidential pseudo-crisis lately. This was not a real crisis, since nothing undermined the legitimacy of W. Jaruzelski's presidency. Although some people claim that the attempt to overthrow the president by changing the constitution and the growing attacks on him are reducing the prestige of Poland and the Poles, that is a slight exaggeration. In a pluralistic society, it is quite a normal practice for the opposition to attack politicians in power, and we should grow accustomed to it.

Wlodzimierz Lozinski, the president's press spokesman, told us that Jaruzelski will not leave Walesa in the lurch by resigning ahead of time. "The president has stressed several times that, in accordance with the present constitution, his task has been and is to support the philosophy of joint participation in ruling the country by as many different political orientations as possible, support the implementation of the economic reforms, and consolidate Poland's position in international relations," said Lozinski. "The president is performing these functions in full cooperation with the premier, and there are no misunderstandings between them."

This view is reciprocated by Government Spokesman Malgorzata Niezabitowska: "The government has no problems with cooperating with the president. This cooperation is proceeding in harmony."

Jaruzelski believes the problem of moving forward the presidential election has been raised artificially. "The most important thing now is to build Poland's international prestige, on which the implementation of the economic reforms will have a decisive effect," he says.

At the end of May, Walesa was supposed to have made one of his last triumphal tours—to Scandinavia. There, too, he was supposed to have received his just reward for his contribution to the overthrow of communism in Central Europe, but the railway strike prevented him from going. If he wants to go now, he will not encounter the enthusiasm he would have encountered earlier. The world has gotten to know his other side.

He will have to wait a while for the presidency. In the election booths, he will pay for his false start. How much? We will receive a partial reply next Saturday and Sunday.

Sejm Defense Body Views Defense Budget

AU2906130690 Warsaw GAZETA WYBORCZA in Polish 27 Jun 90 p 1

[Dariusz Fedor report: "A Salvo From An Empty Pocket"]

[Text] The Army is obsessed with secrecy. That also applies to financial documentation. Because Sejm deputies belonging to the Sejm National Defense Commission failed to find out how much has been spent on the purchase of armaments, they called for a Sejm debate on the National Defense Ministry budget.

"This Army is not maintainable. A new Army has to emerge because the one we have cannot develop any further," said Deputy Jacek Szymanderski (Citizens Parliamentary Club) during a Sejm debate on a report on the Defense Ministry budget, which was conveyed by the ministry to the Sejm National Defense Commission on 26 June.

But the report contains no details; we do not know what has been bought, and for how much. "The obsession of secrecy cannot be applied to financial documents.

People must know what is being bought with their money!" thundered Szymanderski.

The Defense Ministry draft budget says that we will spend 10.83 trillion zlotys [Z] on defense this year, about 3 percent of the national income (the same as the FRG, Belgium, the Netherlands, Norway, and Portugal, whose national incomes are higher than Poland's).

Over 60 percent of the defense budget will be spent on "maintaining personnel status"—in other words, on wages, food, uniforms, and accommodation (Italy and Spain spend about 45 percent of their defense budgets on this).

The Army is pinning its hopes for more money on restructuring. About 40,000 soldiers will return prematurely to civilian life in the final quarter of 1990. An additional discharge of over 2,300 professional soldiers is envisaged by the end of the year. The number of civilian employees will be cut.

Deputies from the Citizens Parliamentary Club claim that if the Army possessed a proper structure, wages could be much higher. A regimental commander today earns Z1,532,000; a supersonic pilot Z1,220,000; and a conscript undergoing basic military service between Z68,000 and Z120,000.

This year, the Defense Ministry budget is allocating Z2,999 trillion for purchases of weapons and equipment, about 30 percent of total defense expenditures.

In the meantime, a MiG-29 fighter costs Z28 billion, a T-72 tank Z2.5 billion (that is what it cost in May 1990; in 1989 it cost Z720 million); and an antitank shell Z10,201,000 (in 1989 it cost Z4,184,000).

"The Army should adapt itself to the budget, not the budget to the Army," said Deputy Kazimierz Jaworski from PAX [Catholic parliamentary group].

"The Army must be trained, fed, and armed, because it constitutes our national pride!" said Deputy Colonel Jozef Blaszczyk. "We must equip the Army, and the rest will take care of itself."

The National Defense Commission approved a motion by Deputy Janusz Okrzesik (Citizens Parliamentary Club) to hold a Sejm plenary debate on defense.

Jaruzelski Appoints New Supreme Court Presidents

LD2906005590 Warsaw PAP in English 2238 GMT 28 Jun 90

[Text] Warsaw, June 28—Polish President Wojciech Jaruzelski appointed new presidents of the Supreme Court who will assume their posts as of July 1.

They are Jan Wasilewski in charge of the Chamber for Administration, Labour and Social Insurances, Stanislaw Rudnicki in charge of the Civil Chamber, Andrzej Feliks Murznowski to head the Penal Chamber and Col. Janusz Godyn to head the Military Chamber.

The new Supreme Court presidents with the first president of the Supreme Court Adam Strzembosz called on the Polish president today.

At the meeting the sides stressed the significant role of the Supreme Court in consolidating the rule of law in the Republic and in the civic life of democratic society.

The court's activity should be an important factor of state stability, confidence building in the judiciary and perfecting the legal system, they said.

Protesters 'Demand' Student Leader's Release

AU3006154090 Paris AFP in English 1513 GMT 30 Jun 90

[Text] Bucharest, 30 Jun (AFP)—About 100 people, most of them students, held a rally here Saturday [30 June] to demand the release of student leader Marian Munteanu, arrested following a June 13-15 crackdown on anti-government protests. The demonstrators gathered in front of Bucharest University's Faculty of Architecture also called for the "condemnation of the guilty," a reference to coal miners mobilized by the government to violently break up the protests.

Mihai Gheorghiu, vice president of the League of Students, called for "unity" and the "unconditional" release of Mr. Munteanu, president of the League of Students.

The interior ministry, in a statement released by the official ROMPRES news agency shortly before Saturday's demonstration, said that Mr. Munteanu was in "good" health.

The 27-year-old student leader, who is facing charges of incitement to riot, has been hospitalized since he was beaten up by miners. He was arrested on June 18 while in hospital recovering from his injuries.

The interior ministry said Saturday that the student leader was being held at Jilava penitentiary on the outskirts of Bucharest. It said that examinations carried out by four specialists at an orthopaedic hospital in Bucharest had determined that Mr. Munteanu did not have fractures to his ankles, hands and wrists, and plaster was removed.

According to a report from the emergency ward where Mr. Munteanu was first taken, he had suffered extensive bruising all over his body and some fractures.

According to the authorities, Mr. Munteanu is the only student detained. He faces charges of incitement to riot and damage to public property.

Munteanu Reported in Good Health

AU3006160790

[Editorial Report] Bucharest Domestic Service in Romanian at 1300 GMT on 30 June carries a two-minute "Interior Ministry statement" on the state of the health of League of Students President Marian Munteanu, who was arrested on 18 June while he was in the hospital recovering from injuries and moved to Jilava penitentiary. According to the initial communique by the emergency ward where Marian Munteanu was first taken, he was reported to have suffered "extensive bruises" and some fractures. However, the Interior Ministry statement points out, examinations carried out by "a group of four specialists at an orthopedic hospital" in Bucharest have shown that "Mr. Munteanu did not have fractures to his ankles, hands, and wrists"; consequently, the "plaster was removed." The statement concludes with the assessment that "Marian Munteanu's state of health is good."

Roman's Participation in Swiss Symposium Reported

Comments Upon Departure

AU2906173690 Bucharest ROMPRES in English 1604 GMT 29 Jun 90

[Text] Bucharest, 29 Jun (ROMPRES)—Romania's Prime Minister, Mr. Petre Roman, left for Switzerland on Friday [29 June] to attend a symposium on the mutations in Eastern Europe and their economic, political and investment implications for the West, sponsored by the Forum Foundation of Lichtenstein in the locality of Crans Montana.

The symposium is attended by government officials from West and East-European countries, by businessmen and other European political personalities.

In a statement made to ROMPRESS and to the Romanian Television at the Otopeni Airport, Mr. Petre Roman said the symposium in Crans Montana was a political meeting of personalities in the Western and Eastern part of Europe to discuss the changes wrought in Central and Eastern Europe. "I accepted the invitation", Mr. Petre Roman said, "primarily because after the events of June 13-15 our country's image was unjustly distorted. I was invited to attend the symposium precisely for that reasion, to explain the events occurred in our country. That is why, I will reiterate the unquestionable fact that the transformations on the road of democracy in this country are irreversible. In this respect, the very way in which the government was formed and inaugurated is a telling proof of the parliamentary democratism on which Romania has embarked".

Mr. Petre Roman also said that during the symposium he would establish contacts with political personalities in businessmen from various countries to discuss aspects related to Romania's bilateral relations and cooperation. "The presence of foreign ministers and other government members from Western countries", he said, "is an opportunity to explain and clarify the situation in Romania and to improve the direct relations with those states. As a matter of fact, a few days ago, I sent letters to the prime ministers of countries in Western Europe and of other countries outlining the reality of the events over June 13-15 and this is something I will expand on during my talks with the personalities attending the symposium".

Holds Brief News Conference

AU0107181490

[Editorial Report] Bucharest Domestic Service in Romanian at 0400 GMT on 1 July carries a two-minute report on the 30 June news conference given by "Prime Minister Mr. Petre Roman, who is participating in a forum organized in Crans-Montana, in southern Switzerland, on changes in East Europe." According to the report, after referring to the events of 13 to 15 June in Romania, Petre Roman expressed the hope that the EEC would send a mission to Romania to "ascertain the economic, social, and political realities in our country," and emphasized that there were "no impediments for the free publication of the press in our country," but admitted that "there had been some irregularities which happened, in his view, after the privatization of the opposition paper ROMANIA LIBERA."

Prime Minister Roman is also reported to have supported the "legitimacy of the decision made by the Romanian Government in connection with the visit to Bucharest of King Mihai of Romania during the election campaign, by stressing that it would have constituted interference in the political situation of the country." He is reported to favor the King's visit to Romania provided "it is a private visit."

In connection with privatization, he is reported to have stressed that "at this time it is legally impossible for foreign investors to buy Romanian enterprises," while in trade "foreign participation may amount to 100 percent."

'Important Concrete Step' Achieved

AU0207081990 Bucharest Domestic Service in Romanian 0400 GMT 2 Jul 90

[Interview with Prime Minister Petre Roman by unidentified reporter "late last night at 2230 [1930 GMT] at Otopeni Airport upon return from Switzerland"—recorded]

[Text] [Reporter] Mr. Prime Minister, I would like to ask you for a brief statement on your participation in the symposium in Switzerland.

[Roman] My participation was rather small. I have had more than 20 interviews with journalists—press, television, and radio—and a few rounds of talks with businessmen and industrialists, both Swiss and with EC members: Belgium, France, and Britain.

[Reporter] Could you tell us the name of some of the personalities you met?

[Roman] In Switzerland, with the Foreign Minister Mr. (?Placard) [title as heard] many other Swiss personalities, with whom we held talks regarding Romanian-Swiss relations but also on ways to continue developing these relations, with many ministers from Belgium and France such as Mr. Decaux, former foreign minister Chaisson, another foreign minister (?Fonsiat); from Belgium a minister who has connections with the Common Market, and many other people. What is important is that they showed a definite and strong interest in the changes in our country, first in what is going to happen, starting with the government program and secondly they expressed the hope that Romania was firmly and definitively set on the road of democratization, something that I tried to support with all our possible and numerous arguments. I can thus say that I am completely satisfied with these results.

[Reporter] You met with businessmen. Have you finalized anything for future cooperation?

[Roman] Yes. During the coming week I believe that these contacts will become a concrete reality. However, it is good for these people to have direct contacts with the partners whom they consider viable in our country. As a matter of fact, this is the most important concrete step that we have achieved.

[Reporter] Thank you.

Culture Minister on Iliescu's Qualifications

PM2906152290 Milan L'UNITA in Italian 28 Jun 90 p 10

[Interview with Culture Minister Andrei Plesu by Gabriel Bertinetto; place and date not given]

[Excerpts] Bucharest—[passage omitted] [Bertinetto] As an independent, what kind of relations have you had with the other ministers in a government mainly composed of National Salvation Front members?

[Plesu] I have not suffered any interference in my field. I have done everything I wanted, perhaps because culture is not the center of attention at the moment. If I have reservations, it has to do with not having been consulted on matters not strictly within my ministry's sphere of responsibility. However, I should add that every day it has been necessary to tackle perhaps 20 important issues, and it was not always possible to consult everyone.

[Bertinetto] As the latest events have shown, a gulf separates the intellectuals from the workers in Romania.

[Plesu] We are witnessing a tragic split—a symptom of a chronic disease of the social organism. Fear, suspicion, frustrated aggression, and unfamiliarity with freedom are causing us to act abnormally. Our intellectuals are using the wrong tactic. They are impatient, radical. They lack political experience. The people's masses want calm and regard the intellectuals' constant critical attitude as threatening. It is important to restore a dialogue through efforts on both sides. [passage omitted]

[Bertinetto] What do you think of President Ion Iliescu?

[Plesu] I believe that his emergence in December was essential. He was an element of order at a time when we faced a threat of anarchy. From what I know of him, his goodwill and good faith are evident. If I think about possible defects, I would say that he can sometimes be influenced; he lacks sufficient weight. The events of recent weeks are a result of a paradoxical weakness of the government, which allowed itself to panic and lost control of the situation.

[Bertinetto] Is Iliescu's weakness his own fault or that of maneuvers by groups within the government apparatus trying to sabotage the democratic process?

[Plesu] I do not believe in the sabotage theory. What Iliescu needs, rather, is a good team of aides, better balanced and more professional advisers. His team was formed immediately after the revolution and is composed of courageous people, but they do not all have sufficient political skill.

Martian Hopes for Cooperation With Government

AU2906105990 Bucharest ROMPRES in English 0910 GMT 29 Jun 90

[Text] Bucharest, 29 Jun (ROMPRES)—Referring to the endorsement of the new Government of Romania by the Assembly of Deputies, Mr. Dan Martian, speaker of the Chamber of Deputies, made the following statement to a ROMPRES reporter:

The Assembly of Deputies debated and, then, voted the list of candidates for the various ministerial posts. There were 341 deputies who cast their votes, of which 330 were for, and 11 were against it. It is true that of the 330 deputies who approved of the list forwarded by Premier Petre Roman, there were a few who voted against some individual candidatures. I think the result of the votes expresses the confidence the deputies show in the new government. I am firmly convinced that the ministerial team voted today is made up of capable people that are apt to cope with the complex problems facing the country. I believe that there will be a good cooperation between the Parliament, in its law-making activity, and the government.

Romanian Press Welcomes New Government

AU2906173490 Bucharest ROMPRES in English 1613 GMT 29 Jun 90

[Text] Bucharest, 29 Jun (ROMPRES)—Giving pride of place in its platform to the simplification of the administrative and economic centralism, the curbing of bureaucracy, the government endorsed on June 28 sets a first example through the far smaller number of portfolios. The list of functions of the current government is more coherent, it obviously shuns artificial grandeur, the pump of names, notes daily ADEVARUL, mentioning that the fact demonstrates already now that the new government is determined to achieve the decentralization of the economic management, of decision-making, the rules and mechanisms of the market economy.

Referring to the differing votes in the two chambers the daily notes that they "confirm that Romania's legislative forum does in no way start as reverberation of a political monopoly, highlighting the intrinsic value of the cabinet defined already now as a government of technocrats".

The definition of the government components, conceived in a concentrated format, ROMANIA LIBERA writes in turn, reflects the very reforming conception endorsed by the government. By bringing youthfulness to the government, they pursue to replace in the strategy and practice of governing the bending for compromise with initiative, courage and competence. The whole process of transformation of the Romanian economy and society thus acquires a cultural dimension. The contribution of prominent experts, the turning to advantage of the nation's intellectual potential thus become an essential criterium in the current strategy of governing.

Summing up the options of a cabinet relying upon a left-center parliamentary majority, another big Bucharest daily, TINERETUL LIBER writes, the program declaration does not include guiding ideas and practical avenues that should make us believe that the government would plan as some commentators or the opposition feared to just cosmeticate or procrastinate the reform. On the contrary, the investiture address very clearly shows all along "an economic ensemble subject to a drastic transition 'through' a radical reform achieved at high rates", all this having to ensure an historic change of unprecedented dimensions in the Romanian society.

Other major dailies could not come out with commentaries and reports on this important event because of their hour of issuance.

NDP Favors Merger Into Single Center Party

AU0107153690 Bucharest ROMPRES in English 1351 GMT 1 Jul 90

[Text] Bucharest, 1 Jul (ROMPRES)—The National Democratic Party [NDP] resumes the idea of encouraging the merger of the democratic parties into only one center political party, stated Sergei Mesaros, one of the two elected on May 20 to the Assembly of Deputies on behalf of the center party grouping.

I am back to the idea which I have been long repeated, the collocutor says, that it is absurd to have over 80 political parties including formations with common platforms and stands that may be concerted.

The poor results of the center grouping in last month's elections "were a great surprise to us all" stressed Mr. Mesaros, explaining it might have been owing to faults of selection of the grouping's members and to radical stands of some of its leaders, which brought on the center grouping the accusation of extremism, instead of the normal naming of centrism.

The new single center party would be joined in by any formations that adhere to a center democratic stand, that endorse a stand of conciliation, a constructive position in order to promote a policy of modern reforms in Romania, which is necessary for the country to be in line with the democracies in Europe.

First Trade Union Congress Held in Bucharest

AU2906105790 Bucharest ROMPRES in English 0832 GMT 29 Jun 90

[Text] Bucharest, 29 Jun (ROMPRES)—Bucharest hosts the first congress of the National Confederation of the

Romanian Free Trade Union Organisations founded on the principles of political independence.

The proceedings are attended by over 800 delegations, representing 16 trade union federations on branches of activity, 2 associations, 27 territorial leagues and unions, totalling 2.8 million members.

The agenda of the congress includes information on the activity carried on to set up the National Confederation of the Romanian Free Trade Union Organisations, the approval of the confederation statute, of the programme-statement, of the statement on the confederation's principles and orientations in the international trade union relations, of the statement on the confederation's stand concerning the patrimony of the former GTUC [General Trade Union Confederation] and the election of the new leaders.

The debates focus on the actions to be taken by the confederation in defending and promoting the working people's rights and interests and in achieving the unity of the trade union movement in Romania.

Ciorbea Elected Chairman

AU2906183390 Bucharest ROMPRES in English 1944 GMT 29 Jun 90

[Text] Bucharest, 29 Jun (ROMPRES)—The first congress of the National Free trade Union Confederation of Romania that concluded in Bucharest on June 29 endorsed a declaration in connection with the six-month TU pay and labor claim moratorium requested by the prime minister in the government's program declaration.

The congress delegates, representing over 2.8 million members from various domains, declared for the continuation of the dialogue with the other TU organizations in the country.

The congress elected by secret vote Lawyer Victor Ciorbea, chairman of the Confederation's Council.

Brasov TU Rally for Decentralization of Economy

AU2906105590 Bucharest ROMPRES in English 0836 GMT 29 Jun 90

[Text] Bucharest, 29 Jun (ROMPRES) —About 4,000 people of the Brasov enterprises participated on Thursday [26 June] in a rally organised by the Brasov Territorial Trade Unions Convention. The protesters called for immediate decentralisation of the economy, for firm, urgent measures to set the enterprises on efficient principles, on the market economy principles.

Underscoring the recognition of the just order resulted from the may 20 elections, the Brasov Trade Unions' accord to the government's activity as long as it militates for a real democracy, the speakers showed they would manifest in an organised but firm way against any violation of the platform with which the elected bodies had presented in the elections, their legitimacy being strictly conditioned by the observance of their pledges to assure democracy, freedom, prosperity.

Special call was made to the county Provisional National Unity Council and the county mayorship for "concrete measures for a better supply with foodstuffs and consumer goods, an efficient organisation and unfolding of public transport, dwelling construction, the town's cleaning actions and better services for the population." Condemning any kind of violence no matter who might exercise it, the participants expressed their option for solving all conflicts and social disagreements by constructive dialogues. The demonstration took place in complete order.

Arrival of British Businessman Reported

AU2606165890 Bucharest ROMPRES in English 1630 GMT 26 Jun 90

[Text] Bucharest, 26 Jun (ROMPRES)—Mr. Simon Miller, chairman of the Financing Charter Group of London, arrived in Bucharest to talk with experts of the Ministry of Tourism, the Ministry of Finance, the Ministry of Foreign Trade and International Economic Cooperation and the city mayorship about the creation of two business centres in the capital. One of them is to deal with the construction of a building to include a hotel, offices, a conference hall and adequate headquarters for the holding of lectures within a foreign trade academy. The other refers to the setting up of an import-export centre provided with offices and rooms for an exhibition of dummies to be sited in the precincts of the Bucharest International Trade Fair.

The investors want to found a commercial company with their own hundred percent capital.

Serbian Constitutional Referendum Under Way

LD0107080490 Belgrade TANJUG Domestic Service in Serbian-Croatian 0628 GMT 1 Jul 90

[Text] Belgrade, 1 Jul (TANJUG)—The citizens' referendum on whether to pass a new constitution first and hold multiparty elections later began at 0700 this morning at several thousand polling stations throughout Serbia, including both provinces.

A total of 6.6 million voters are registered. The referendum's success requires a simple majority. The polling stations will stay open today until 2200 and tomorrow from 0700 until 1900.

Traditionally, the liveliest atmosphere this morning is in the local communities of suburban municipalities. The state Electoral Commission of Serbia is expected to present its first reports on the voter turnout later today.

Final Results Expected 5 Jul

LD0107232190 Belgrade TANJUG in English 2143 GMT 1 Jul 90

[Text] Belgrade, 1 Jul (TANJUG)—Some 48 percent of voters in Serbia voted by early afternon at a referendum to decide whether the first free elections in the post-war history of the biggest Yugoslav republic should be held before or after the Constitution was adopted.

Unlike some opposition parties, Serbian leadership headed by President Slobodan Milosevic wants the Constitution to be brought before the free elections.

The central question is whether the Constitution will be brought by a one-party or a multi-party Assembly, points out the Democratic Party in its proclamation brought out today, adding that those who [word indistinct] for the constitution support the continuation of the Communist rule.

The referendum continues tomorrow, July 2, and the final results will be known on Thursday, July 5.

While the turnout in Serbia's territory without the provinces is nearing 50 per cent, and has exceeded 54 per cent in the northern province of Vojvodina, it continues to be very low in the troubled southern Kosovo Province, where ethnic Albanians constitute the majority population.

The referendum has shown that there is mass [word indistinct] Albanian National resistance in Kosovo, Serbian Vice-Premier Miodrag Trajkovic commented in Pristina this morning. Most of the people who do turn out for the referendum in Kosovo are minority Serbs, Montenegrins, Moslems and Turks. Furthermore, eight municipalities in Kosovo have not opened polling stations at all.

The Kosovo alternative, constituted of ethnic Albanians, called for a boycott of the referendum, seeing it as a further attempt of curbing the province's autonomy.

The Serbian leadership will have to change its attitude and methods of struggle, said Vice-Premier Trajkovic himself a Serb from Kosovo.

Rugova Urges Boycott

AU2906202490 Pristina Domestic Service in Albanian 1700 GMT 29 Jun 90

[Shefqet Sopa report on Kosovo Democratic Alliance news conference by its president, Ibrahim Rugova, in Pristina on 29 June]

[Text] Speaking about the recent course of events in Kosovo, Ibrahim Rugova said that there was nothing new in the speech of the president of the Serbian Presidency [Milosevic]. It was full of threats against Kosovo and the Albanians, and they do not surprise us, because they come from an advocate of strong-arm tactics. All this does not merit particular attention, because I think that what he has said about Kosovo will not be realized, and it is all demagogy.

If Serbia is today playing with state borders, Ibrahim Rugova said, we reply to them that the Albanians too, under a new understanding of Yugoslavia, will consider these borders open. Answering the many accusations leveled against the Kosovo opposition recently, Ibrahim Rugova stressed that it is democratic and is recognized as such by European and American public and governmental opinion, while its opponents in Yugoslavia are recognized as Bolsheviks of a chauvinist Serbian policy. The problem of Kosovo is not, and cannot be, merely a problem for Serbia. It is now a much wider problem, even a European and world problem, and the blind Serbian politicians should realize this.

Now, six months after the foundation of the Kosovo opposition groups, the Serbian Government and its policies merely intend, with the drawing up of the new Kosovo constitution, to repeat last year's farce of the Serbian constitutional amendments. Why should the Albanian delegates, Ibrahim Rugova said, not represent the demands of the alternative, behind which the Albanian populace and other nationalities in Kosovo stand? Majoritarianism, he said, is a normal process, just as it is for the Albanian delegates in the Serbian Assembly, who, he said, can look for nothing from that Assembly.

As for the question of suspending the Kosovo Assembly session, Ibrahim Rugova said that he considered it a fresh provocation, and Milosevic's speech is matter of threats, demagogy, and hypocrisy. Talking about the special measures and the law on special measures, he said they mean Serbia has imposed a state of emergency, and it is well known to European and world public opinion that these measures have been imposed by Serbia alone.

As for the referendum announced by Serbia, Ibrahim Rugova said he proposed it should be boycotted by the Albanian people because it does not express the will of the entire Albanian population in Kosovo.

At this news conference, Ibrahim Rugova also answered many journalists' questions about the current situation in Kosovo.

Reaction to Kosovo Assembly's Suspension Covered

Opposition Communique

AU2906213790 Pristina RILINDJA in Albanian 23 Jun 90 p 2

[Unattributed report: "Communique of Kosovo Opposition Groups in Connection With the Suspension of the Proceedings of the Kosovo Assembly Meeting: Pretensions for Eliminating Kosovo's Autonomy"]

[Text] The act of suspending the proceedings of the Kosovo Assembly is a further step in the scenario for disabling the democratic transformation of Kosovo society and at the same time a demonstration of pretensions for the elimination of Kosovo as a territorial and political unit in the Yugoslav federation. The arrogance of the Assembly's president [Djordje Bozovic] and the failure to observe the elementary rules governing the work of this Assembly shows that no means will be spared to prevent the realization of the will of the citizens of Kosovo.

We support the determination of the delegates who think that this meeting should continue, and should do so with the same agenda, as was approved by the majority of the delegates but not the Assembly president. At the same time, we insist that the citizens of Kosovo should, with their dignified behavior, maturity, and historical awareness, not provide any pretext for the suspension of the meeting, this act of political hooliganism, to be exploited for the use of violence against the citizens of Kosovo and the legalization of a repressive administration in Kosovo.

If this Assembly meeting does not continue, we will consider this the blockage of institutional channels for realizing the will of the citizens of Kosovo, and will take the necessary measures for the nonviolent expression of the protest of Kosovo citizens, states the communique of the Kosovo opposition groups in connection with the arbitrary suspension of the proceedings of the Assembly by Djordje Bozovic, which is signed by Veton Surroi for the Pristina Branch of the Association for a Yugoslav Democratic Initiative; Shkelzen Maliqi for the Kosovo Social Democratic Party; Dr. Ibrahim Rugova for the Kosovo Democratic Alliance; Halil Matoshi for the Kosovo Youth Parliament; and Dr. Hivzi Islami for the Kosovo Peasants' Party.

Kosvo Delegates Reject Postponement

AU2906185790 Pristina Domestic Service in Albanian 1700 GMT 29 Jun 90

[Editorial Report] Pristina Domestic Service in Albanian at 1700 GMT on 29 June devotes 20 minutes of an extended 50-minute newscast covering the decision of Albanian delegates to the Kosovo Assembly to hold an Assembly meeting on 2 July.

The announcer states: "The meeting of the three chambers of the Kosovo Assembly will be held on 2 July. This was stated by a group of Albanian delegates to the Kosovo Assembly in a discussion with media representatives. They said that they consider the telegram from Kosovo Assembly President Djordje Bozovic postponing the meeting indefinitely because a referendum is being held on drawing up the new constitution of Serbia, merely a farce with no basis."

Studio interviews with various Kosovo Assembly delegates follow. Muharrem Shabani states "This meeting was decided by the delegates themselves at the meeting on 22 June at about 0300, as the only condition on which the delegates agreed to leave the hall," and that "Today, a group of us, representing 98 delegates on a list which we will hand over to the media, have insisted that the meeting be held at 1000 on 2 July, as the delegates decided." Shabani also states: "In the name of all 98 delegates on the list, we appeal to all the delegates to the Assembly of the Socialist Autonomous Province of Kosovo to meet at the hall of the Provincial Assembly at 1000 on 2 July."

The Assembly delegate Selvie Gjinaj protests the "blockade" of the Kosovo Assembly, says that "The proposals of the delegates are not being heeded," and also calls for the 2 July meeting to be held. Among five other delegates interviewed, Ruzhdi Bakalli states that "to block the work of the assembly is to block the will of people."

The announcer also states: "We have also received a public statement from the delegates of the Kosovo Assembly which states: On the threshold of an unconstitutional referendum, we delegates of the Kosovo Assembly demand that Riza Sapunxhiu, Daut Jashanica, Rahman Morina, Hysamedin Azemi, Kole Shiroka, Skender Karahoda, Sinan Hasani, Tefik Lugiqi, Gani Jashari, Binak Maxharaj, Shefqet Jashari, Isen Kajdomcaj, Syrja Popovci, Ali Shukriu, Shyqri Bytyci, Basri Pllana, and Enver Selimi, who formerly held and still hold important public offices, declare to the media their personal standpoints on the proposals for the constitution of Serbia and the holding of the referendum on 1 and 2 July, so that they may not hide behind the organs which they represent."

Resumption Expected 5 Jul

LD3006204990 Belgrade TANJUG Domestic Service in Serbo-Croatian 1425 GMT 30 Jun 90

[Excerpt] Pristina, 30 Jun (TANJUG)—The president of the Assembly of the Kosovo Socialist Autonomous Province has scheduled a joint session of all three chambers of the Assembly for 5 July. This is a matter of the resumption of the marathon session of the Kosovo Assembly of 20 and 21 June which was cut short as a result of a controversial speech by the delegate Ruzdi Bakali.

There should have then been discussion on the draft amendments to the Yugoslav Constitution and of the proposals to adopt new constitutions for both the country and the Socialist Republic of Serbia, but delegates of the Albanian nationality persistently insisted in including on the agenda an initiative to adopt a new provincial constitution. [passage omitted]

Alternative Groups Form 'Kosovo Democratic Forum'

AU0107182290 Pristina Domestic Service in Albanian 1700 GMT 1 Jul 90

[Summary From Poor Reception] "The Kosovo Democratic Forum [Forumi Demokratik i Kosoves] was formed in Pristina today. Representatives from all parts of Kosovo, the Kosovo Democratic Alliance, the Youth Parliament, the Social Democratic Party," and other alternative organizations attended the meeting.

"Veton Surroi delivered an opening speech, and stated that the foundation of the Democratic Forum represents a new stage in finding a solution for the Kosovo problem, perhaps the greatest step in the dramatic development of democratic processes in Kosovo. Speaking on the circumstances of the founding of the Democratic Forum, he said that Kosovo is now under permanent pressure from the Serbian totalitarian state, which is frankly and insistently carrying out its policies of authoritarianism in internal policy, and chauvinism in relation to other peoples, particularly the Albanians." On the other hand, there exists "a movement of resistance to this Serbian policy." "We live at a time of great hopes" for "long-term" changes in Kosovo and Yugoslavia. "It is therefore natural" to create "the Democratic Forum, as a political coordinator of the movement and initiatives of the citizens of Kosovo. This forum is also an expression of the unavoidable need to bring together all the intellectual forces of Kosovo, regardless of strict party allegiances." The meeting expressed support for the planned meeting of the Kosovo Assembly on 2 July, "an act of Kosovo's self-determination within the Yugoslav constitutional order."

"The declaration of the participants in the first Kosovo Democratic Forum meeting stated, among other things, that it is the inalienable right of the citizens and people of Kosovo to decide in a sovereign way essential issues regarding Kosovo's internal order, as a community of equal citizens." "The sovereignty of Kosovo is primary, and rests on the sovereignty of the people." "This sovereignty must be expressed in the form of a constitutional unit, which makes Kosovo equal to other units in the Yugoslav federation." "The declaration of the first meeting of the Kosovo Democratic Forum, approved today in Pristina by participants from all parts of Kosovo and from all opposition parties," also supports "a multiparty parliament" and opposes "the enforcement of decisions which are against the will of the citizens of Kosovo."

Kosovo TU Founding Congress Concludes 1 Jul

LD0107153790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1231 GMT 1 Jul 90

[Text] Pristina, 1 Jul (TANJUG)—The founding congress of the Independent Trade Unions of Kosovo ended in Djakovica today after two days of work.

There were many speakers today as on the first day. All of them spoke about the shortcomings of the official trade unions, of which it was said that they are just an instrument of the party in power, the League of Communists. Many injustices inflicted on workers of Albanian nationality were pointed out, such as ideological-political differentiation, which was considered as being totally groundless and had often resulted in sacking, something impermissible in any law-governed state, as they put it.

Instead of being on the workes' side and defending their interests, which is its duty, the trade union has assumed the role of a hunter. It was said that these mistakes should be taken as an example for the independent trade unions of what they should not do. In the course of today's work, militiamen turned up in the congress hall and interrupted the address of Independent Trade Unions President Hajrulah Gorani. This was met with protests from the delegates, who nevertheless continued their congressional work.

The delegates adopted all the congress documents. Hajrulah Gorani was elected president of the Independent Trade Unions of Kosovo. Gorani returned to the hall to thank those who had commissioned him.

Gorani Summoned by Militia

LD0107204390 Belgrade TANJUG Domestic Service in Serbo-Croatian 1716 GMT 1 Jul 90

[Text] Pristina, 1 Jul (TANJUG)—Dr. Hajrulah Gorani, chairman of the Kosovo Independent Trade Union, was today called in for a talk by the Kosovo militia during the founding congress of the Independent Trade Union in Djakovica. The reason for the talk was a failure to adhere to the program on the basis of which the competent organs issued the permission for the congress 10 days ago.

Obrad Stevanovic, commander of the Serbian special militia unit in Kosovo, told TANJUG that demands put forward at the congress were more of a political nature and did not have a great deal to do with problems concerning the trade union. He said that the congress opened by paying respect to those who received casualties during the demonstrations that took place several months ago. They were described as alleged victims of a nonpopulist regime in Serbia. Calls were also heard for the Albanians of Kosovo to be given nationality status, and that being in the majority in the province, they could no longer remain a national minority. Allegations were also made that genocide was carried out against the Albanians, and Slobodan Milosevic, Stipe Suvar, and

Rahman Morina were singled out as the alleged "culprits." Demands were also heard to "internationalize" the Kosovo problem. This was explained by Serbia's alleged refusal to resolve it. Calls were repeated for boycotting the referendum and for a session of the Kosovo assembly to be held on 2 July instead of 5 July, as had been agreed upon.

Everything stated at the congress rostrum prompted us to invite Gorani for a talk and to demand that he interrupt the congress within 10 minutes since, in our view, the congress program was violated. Under the law, once the program has been deviated from, Gorani had the duty to intervene, Commander Stevanovic said. Whether the congress has been interrupted or whether it has ended, we do not know, Stevanovic said, adding that if the congress is to continue, renewed permission would have to be requested. So far the request has not been received. In other words, as far as we are concerned, the congress has been interrupted, he said.

According to Stevanovic, an action is under way to collect information in order to establish the responsibility of some of those who took part in the congress.

'100,000' Attend Funeral of Kosovar Soldier

AU0107183990 Pristina Domestic Service in Albanian 1700 GMT 1 Jul 90

[Serbia correspondent Fadil (?Jusufi) telephone report—live or recorded]

[Excerpt] [passage omitted] The funeral of the soldier Xhevdet Arifi was held in the village of (?Rezalle) today in the presence of the more than 100,000 citizens from all parts of Kosovo and beyond. His family told the many journalists present that it is not true that our boy committed suicide in Tuzla, because the many wounds on his body tell another story. [passage indistinct] This family has sent a protest letter to Veljko Kadijevic [federal secretary for national defense].

Markovic Delivers Speech Listing Economic Goals

AU2906143090 Belgrade Domestic Service in Serbo-Croatian 0759 GMT 29 Jun 90

[Speech by Federal Executive Council President Ante Markovic at the joint session of the two chambers of the SFRY Assembly in Belgrade on 29 June—live]

[Text] Comrade presidents, comrades, ladies and gentlemen delegates:

When expounding on 18 December, 1989, on the economic reform program and the measures for realizing it, I presented in detail the views of the Federal Executive Council [FEC] concerning our country's way out of the crisis and the ways to build a new economically efficient, democratic, socially just, and humane society that is open to the world and which will be capable of successfully joining the contemporary international economic currents and integrational processes, as well as being a successful partner to the countries with more developed economies. At that time I spoke not only on the economic, but also the overall reform of our society, which also encompasses radical changes in the sphere of the political system.

We are now at the end of the realization of one part of the economic reform program which should make necessary changes in the system itself and achieve two major aims within that: curb inflation and realize the convertibility of the dinar.

Before proceeding with the explanation of the basic essence and character of the measures pertaining to the further realization of the program, let me briefly present our evaluation of the results achieved, of what was decisive for achieving them, as well as of the key prerequisite for the further successful realization of the overall economic and social reform.

Above all, as a result of the changed conditions of economic operation, the synchronized effect of the measures carried out, and the good management of the program, as well as the (?processes) it has broached, inflation has been reduced, which was the basic task at the beginning of its realization: From 64 percent last December, it was reduced to zero this April. I have received the latest information from the Federal Statistical Institute this morning, that on 21 June [repeats himself] on 21 June, inflation was minus 0.3 percent and the cost of living index is minus 0.9. The special quality of this result is that it was achieved along with free formation of prices embracing about four-fifths of the value of goods and services. This is of crucial importance for our further efforts to maintain price stability. Under these terms remaining differences in relative price relations have been gradually eliminated, thus removing one of the generators of inflation.

Analyses carried out show that the greatest role in reducing inflation was played by well-conducted restrictive monetary policy, convertible money, as well as measures taken in the market sphere, particularly increasing the supply of imports. In other words, our monetary policy, a strong supply of goods on the market, and a fixed exchange rate for the dinar have played a key role in cutting inflation. Some exceptionally favorable results have been achieved in the area of foreign economic relations. From mid-December 1989 to 22 June this year, foreign currency reserves increased by $3 billion and stood at more than $8.7 billion. This in an exceptional phenomenon for a country which is in transition from a state of hyperinflation to a state of deflation. This means the foreign currency reserves are about $6 billion higher than those we inherited when we took over in mid-March last year. At the same time, our external debt has been reduced by about $2 billion. In our estimate, by the end of the year, our foreign currency reserves will reach the record amount of almost $10 billion. The exchange of goods is in a state of strong expansion in both the area of exports and imports, with a surplus in invisible items of trade and in the balance of payments as a whole.

It should also be stressed that the program destroyed the black foreign currency market virtually overnight. It speeded up the influx of foreign currency into the country and restored confidence in domestic currency within the country, as well as gaining it abroad. The dinar can now be found on exchange lists of many international banks with an exchange rate which is at the level of that formed on our foreign currency market, or close to it. Apart from this, the results achieved in the sphere of economic relations abroad have exceptional significance for the further successful implementation of the economic reform program. First, they have significantly contributed to an improvement of both the volume and structure of the supply of the domestic market with imported goods, as well as having brought inflation down to the achieved level through the competition resulting from that.

Second, the results achieved in bringing inflation down significantly strengthened confidence abroad in the successful outcome of the reform we have been implementing. The IMF considers all required conditions for a transition to external convertibility as fulfilled according to Article 8 of the Fund's Statute, about which negotiations are being conducted with that institution. This, from its own side, confirms how much our decision in December of last year on the [word indistinct] convertibility of the dinar, which was strengthened even more by the results achieved in the meantime, was justified. Third, such results in the sphere of economic relations enable us to soon be able to freely join the international capital market without supervision from international financial institutions and tailor our economic and development policy without fear that we will again enter a crisis of external liquidity and indebtedness.

I will also point out on this occasion that there was much less expression of social tensions in those months when the program was implemented than one might have expected. Various explanations are possible here: That in our society the grey economy may be far more developed than is assumed, so that per capita social product is considerably higher than we thought; that an extensive growth in the number of firms in the private sector has been absorbing the considerable number of obsolete people, so that the number of people employed by this sector will this year increase by about 150,000; that the fear of losing one's job and uncertainties about the future have also become more frequent; that there is a factor of expectation; and that this social peace is only of an apparent nature. There is no doubt that new problems will arise once we start carrying out deeper and far-reaching changes which will require a different type of relations between the factors of production and an inevitable rationalization of state and social institutions and society in general.

The implementation of the economic reform program, with emphasis for the time being on curbing inflation, has been accompanied by negative secondary consequences, too.

For example, industrial production in the first five months of this year was down 10 percent from the same period last year. In this respect, one should bear in mind that the following factors influenced this fall:

First, the inadaptability of the production structure of economic subjects, their organization of business operations, and other microeconomic factors in the new system.

Second, a large number of nonprofitable enterprises have existed in our autarkic economy for years.

Third, in conditions of hyperinflation, all anti-inflationary programs in the world have led to a fall in production, and this is particularly true of our economy.

Fourth, many enterprises have distributed personal incomes irrespective of the earnings that have been created and verified on the market, which has led to a worsening of their accumulation and liquidity, a fall in production, and the postponement of changes in their structure.

Fifth, great burdens in the area of public spending have participated in worsening liquidity within the economy and its accumulation capability.

Sixth, the existing political situation in the country, that has been accompanied by economies increasingly closing themselves into regional frameworks, breaks in business links, strikes, and so forth.

However, I think that one should not have a tragic outlook on any fall in production because in the final analysis it is logical and necessary. We do not need an increase in production that will reproduce the old structure and problems that are identical or similar to those that we are now fighting, but we need the kind of increase that will be, under the influence of the logic of the new system, profitable and able to withstand competition on the domestic and foreign market and facilitate healthy economic development.

Likewise, there has also been a great rise in interest rates which has burdened enterprises' production costs and reduce their accumulation capability. This is in part the result of amassed losses and doubtful debts in the banking system which it wants to compensate with high active rates of interest and wide margins between active and passive rates of interests, and partly the result of the inability of the National Bank of Yugoslavia to—under conditions of a restrictive monetary policy, the lack of resources circulating in the economy, and an undeveloped money market and short-term securities market—influence the movement of bank interest rates through a discount rates policy and intervention in this market.

As has already been said, a great breakthrough has been made in the area of public spending precisely because fiscal policy has not played the role in the anti-inflationary policy that the program intended for it. The reasons for this should be sought in the fact that no essential shifts have taken place in the reform of the entire public sector in the direction of the reform of the hypertrophied social direction and the reduction of excessive rights, as well as changes in the way it is financed. Indeed, as a result of an increase in the rate of taxation and contributions and the so-called [words indistinct] effect, the public sector revenue at the level of the republics and provinces has considerably exceeded the envisaged limits.

If these trends continue, the overrun will amount to 43 billion dinars at the yearly level. Such a trend would seriously hinder the realization of the established policy because the spending pressures will result in an increase in losses or a rise in prices.

With respect to the aforementioned trend in this spending, it is unrealistic to expect production to be quickly revived and a new stage of development to open.

In the part of the year just gone, it has also been shown that more flexible and subtle instruments have not been applied which would have a parallel effect on the equal distribution of the fiscal burden, bearing in mind the new forms of market economy, and on the restructuring of the existing fiscal burden from the economy of the social sector to the population and other forms of economic operations.

Herein lie the reasons why some vital rights, like pensions, could not be provided on time in all republics and provinces despite the higher contribution rates.

Data show that the costs of pension and disability insurance, which in recent years have marked a constant increase in their share of the social product, considerably contributed to such an escalation of the revenue for public spending in the past months of this year. There are two reasons for this: The one is that the number of persons who are retiring is increasing, and the other that the present system of insurance contains serious shortcomings which are particularly coming to full expression under the conditions of the transition from inflation to deflation.

Therefore it is necessary thoroughly to reexamine the entire system of the pension and disability insurance and to eliminate the shortcomings noticed, while only some of the most necessary interventions and (?corrections) are now being proposed.

The sector of personal incomes also surged ahead, but it later calmed down to a certain extent. This was partially influenced by the shortcomings in the very law limiting the growth of personal incomes resulting from the compromise in the December discussions, and thus from the entitlements having been granted too extensively, and partly by the fact that the law while it was in power was not consistently respected in all the communities. Therefore the expected contribution of the planned personal incomes policy to the curbing of inflation did not materialize.

In the past 15 months, the FEC has worked intensively on creating the conditions for the implementation of the overall reform. Here I primarily have in mind the setting up and development of the institutions and machinery immanent to the new market oriented economic system, the transformation and transfer of the real and financial sectors of the economy to the new market conditions of economic operation, and the reform of the overall social superstructure.

However, because of the certain inconsistencies in the system itself resulting from constitutional restraints, inertia, and the burden of old relations, certain resistance, ingrained habits, and lack of knowledge, one was only partially successful in this respect. Nevertheless it should be said, for the sake of truth, that such big changes cannot be implemented overnight.

From the very beginning of its work, the FEC was aware that the reform of our society in general and in its parts must proceed from an expurgation of the original sin of all socialisms: the resolving of the problem of ownership. Therefore we based the new economic system on pluralism of ownership and on competition among the forms of ownership as an essential determinant of this system, and thus opened up the scope so that all the forms of ownership may develop according to the needs of our society.

In this context, within the opportunities offered by the Constitution, we have defined social ownership as social capital, but we did not identify its owner. Anonymous social capital remained tied to social enterprises. By treating social ownership as capital, we have endeavored to create space that would make possible the transformation of social ownership—which constitutes about 90 percent of the value of our society's property—into social capital, and on this basis to open the process of setting up an integral market, a market of goods and a market of the factors of production, capital and labor, the transformation of the enterprises and banks, and the construction of respective macroeconomic policies.

However, because the owners of social capital have not been clearly and thoroughly identified nor have they displayed a market orientation, the economic system could not be fully expressed and developed.

Thanks to the changes made in the economic system which were characterized by great deregulation and liberalization in all sectors of life, extraordinary results in the sector of economic relations with foreign countries, above all the convertibility of the dinar, high foreign exchange reserves and a good supply of (?imported) goods and strengthening of competition, most was done in setting up a market of goods and services. Despite the resistance that we experienced from a part of production and commerce, foreign as well as domestic private ownership competition exerted their influence on breaking up to some extent the domestic monopolies and on beginning to set up a goods market. This makes it possible for us to enter into the next stage when the goods market must obtain a new infrastructure, institutions, and machinery that will enable it to play the important role in the production process which it plays in all world economies organized on the basis of the market.

Despite the institutional prerequisites and the necessary infrastructures that have been created—a money and capital market, three stock markets, and a state commission for securities have been set up—the development of financial markets has not gone far. The money market does not function because there is not enough money. The situation is similar with the capital market. If this is not developed, it is not possible to quickly carry out major transformations in the existing structure.

The main reason above all for this is the fact that the owners of capital have not been identified and there is also a lack of experience, [word indistinct] of knowledge, and certain resistance.

The labor market has still not been set up yet because the necessary prerequisites have not been created for this. Above all, we still do not have collective agreements available which, along with the functioning of the labor market, will set the price of labor in an objective way verified by the market and establish optimal relations in distribution—the price of labor and the price of capital. Because we have not yet identified the owners of capital, we do not have its proper price either or proper partners which would be organized in the appropriate way and motivated to protect the interests of this capital and fight for it to have as great a yield as possible. We have tried to stimulate owners of capital through the Economic Chamber of Yugoslavia. Moreover, the trade unions are not organized in such a way that they can represent the interests of the workers in an appropriate way.

Only the law on labor relations has created the kind of foundations which has allowed a change to be made in attitudes to work through the de-monopolization of rights at the workplace and the competition of labor, knowledge, and ability. However, this is only one of the elements which in the framework of the entire whole can influence the rational economizing on labor costs.

Therefore, despite the many efforts that the FEC has made together with the trade unions and the Chamber, to create foundations on which collective agreements can be worked out, virtually nothing has been done because of all the aforementioned reasons. Where something has been done, this has been only surrogate collective agreements which would not give proper results in regulating relations in the sphere of distribution.

Not much has been done in adapting the economy to the new market economic conditions either. Most progress has been made in the complex economic systems and large business collectives which were capable of being transformed into holding companies, in this way carrying out a certain distribution of social capital and identifying the enterprises as its owners, but not the actual owners.

However, such a transformation in other parts of the economy, particularly in small- and medium-sized enterprises, has only just begun and has only been partly or formally implemented.

As regards the transformation of banks, they are all constituted on the basis of identifying the investors in their funds. However, these investors of social capital have not identified the owners of this capital, which actually means that they have introduced into the newly-formed banks all the burden which social ownership brings with it, both in the sense of the lack of motivation for its efficient use and reproduction and in the sense of the banks' balances being burdened with great deficits and doubtful debts.

Therefore, all questions connected with the reconstruction of the banking system have also basically remained unresolved because this system is looked upon in the old way and it is demanded that debts that cannot be recovered are written off. The banks have basically remained slaves to their bad investments, which they often made under the influence of sociopolitical communities or their founding enterprises which operate at a loss or are insolvent and in which these investments are mainly to be found. These banks continue to be managed by such enterprises as play the main role in their business policy, and not the newly-formed management committees.

Macroeconomic policy in that part in which the federation has been able to autonomously exercise its functions has quite successfully carried out its tasks. This above all concerns the monetary sphere as a whole, which has definitely been separated from fiscal policy, thereby allowing monetary policy to efficiently carry out its functions, paying heed to preserving the value of the national currency. Therefore, there has finally been a break with the old practice of joining two purses into one, which is characteristic of all forms of socialism and which is a practice that whenever the budget needs money to cover the expenditure of the state and the other part of the public sector, monetary policy is there to print money and cover this lack of finance.

However, this has not been the case with public spending policy, apart from that part that relates to the federal budget. The federal budget has played an active and stabilizing role in reducing its share of social product, undertaking tasks that the National Bank previously carried out and did not or do not fall into its domain, and in the support that the economy has offered to transfers and their prompt payment—through subsidies, participation in clearing up the social costs of stabilization, the restructuring of the economy, and the reconstruction of the banking system.

Public spending at the level of the republics and provinces in the past months of this year was strongly increasing, as I said earlier. This means that all the shortcomings of the hypertrophied social overheads and the shortcomings in their financing continue to be fully present in this field. They have their roots in the consent economy and the old system. Without reform in the field of social activities, especially in education, science, health, and culture, which constitute the infrastructure of every developed and civilized society, there can be no overall social reform. This applies equally to the state and to the rest of the social superstructure.

However, regardless of the said inconsistencies emanating from the restrictions imposed by the existing Constitution, the shortcomings in a part of macroeconomic policy, and the lack of readiness to accept the consequences that follow from the logic of capital trading and from identifying capital with owners under market conditions, with the overall changes in society we brought the real and the financial sectors of the economy into a situation when they must change their internal relations, structure, and conduct.

Confronting these limits (?in the creation of) the new system, its institutions, the macroeconomic policies, competition and economic supply, the convertibility of the national currency, and the impossibility of accruing income through price increases and various transfers, some branches of the economy appear to be incapable of transformation on the new market foundations. In many fields—ownership relations, management, organization of labor, and others—they are still captives of the old system.

This means that, in contrast to the private sector, the social sector still does not feel capable of a rapid adjustment to the new market conditions of economic activities. In the final resort, the fall of production in our country is an expression of precisely these changes and of the inability of the subjects to adapt to the new conditions.

The increase in the funds (?and motives), among other things, is only one of the expressions of this present situation, because it is obvious that funds cannot be so easily freed without the interest of those to whom they belong and without their being motivated to free the funds and to fructify them as well as possible.

Thus we are again returning to the crucial problem of the reform of our society in general. This is the problem of the transformation of ownership and the identification of the actual owners, without which the overall reform is not possible. We must clearly identify the owners of capital and open the process of recapitalization all the way to privatization. Only on these foundations it is possible to carry out the necessary structural changes, increase the motivation for work, open the scope wide for the flourishing of entrepreneurship, and on these foundations to bring the efficiency in the use of resources and the productivity of labor to a higher level.

Without this, we obviously cannot succeed in overcoming the amassed problems and in ensuring a sound development. All the pressure and demands for relaxing the implementation of the reform program adopted in any of its vital parts would turn us back and would entail all the negative and much worse economic, political, and social consequences: inflation, stagnation, and even greater and further lagging in development, threats to the foreign liquidity of the country, social tensions and stresses, political conflicts, and the rest.

There is no justification for anything of this kind either from the economic or social viewpoint. Any decision leading in this direction would mean an unpardonable error. Therefore it is necessary not only to take a resolute step in the direction of transformation of social ownership into social capital, but also to identify its actual owners. Various ideas and approaches exist in this respect, but they could be reduced to the two basic ones. The one is that social ownership should be transformed through sales into private, state, or cooperative ownership. The other is that all the social ownership be transferred to the state.

It is our view that one should make possible a transformation of social capital into all forms of ownership but under the condition that there is no transfer of ownership without compensation. This means that parts of, or whole enterprises may be sold, but their sale must be carried out on economic principles, which means to open the process of recapitalization all the way to reprivatization of social capital.

As far as the idea of transferring social property to the state is concerned, it is our view that this is unacceptable, both from an economic and a social point of view. This is confirmed both by our own experience and the experience of other socialist countries which, because that form of ownership is inferior to other forms and particularly because of having an economic system based on this form of ownership as the dominant form, have fallen into a deep crisis that in most cases has ended in the collapse of these systems.

Moreover, to transfer social ownership to the state would mean for us to return to the situation of 40 years ago, that is to say, the situation that all other socialist countries are abandoning. Moreover, we would have negated all knowledge, experience, and that feeling that property belongs to the workers which has been formed throughout the entire period of existence of the self-managing socialist system, and we would not be able to use that feeling for an easier transition to a new system.

The concept we suggest starts from the proposal to open the process of (?decapitalization) in such a way that all enterprises in our country are enabled to sell part of social property, at a certain discount, to the workers employed in these enterprises, as well as those workers who were employed in them in the past, on the basis of buying shares of an internal nature. We are of the opinion that enterprises should be enabled to decide within one year to be transformed into enterprises with mixed capital and that the beginning of such a process should be the right of a worker to purchase a part of that enterprise at a discount.

We have decided in favor of discount sales, and these discount sales can amount, at most, to the value of three year's income of an individual employee or worker who used to be employed in the enterprise, and for each year he was working in that enterprise he should be given a bonus, that is, a discount of two percent on the value of a share, which will be established on the basis of the book value of the enterprise; at most, this discount may amount to 60 percent of that value.

These shares would be of an internal nature, which means that they could not be sold on the open market, until the enterprise is made capable of selling shares on the market, something that should be permitted by the respective state commission.

We have decided that the book value should be the basis for the purchase of internal shares, because any other solution would require an extraordinary amount of time to verify that value, and this would postpone the process by several years, and we do not have that much time.

At the same time, there is no danger of social property becoming devalued in any way, because these shares, in order to be placed on the securities market, as I have already said, would later have to be verified by the respective state commission.

Workers may purchase these shares within 10 years and would immediately have to be given the right to manage on the basis of all obtained or registered shares and they would have the right to dividend only on the basis of shares they have paid for. When it decides to issue shares, a public enterprise is converted into an enterprise with mixed ownership;

Workers who are employed in an enterprise, or were working in it for some time, are not the only ones who contributed to the creation of surplus value. All other workers who worked on various jobs in our country also contributed to creating surplus value and social property. This is why there is a proposal that all of them should be entitled to the right to purchase through their pension funds a part of these shares, approximately a half of what workers employed in that enterprise can purchase, albeit at a 50-percent discount. All other people who worked in social activities will be given the opportunity to purchase a part of these internal shares, but they will receive a one-percent bonus for each year of work.

When deciding in favor of such solutions we had one fact in mind—social property and self-managing socialism, the socialist system, functioned in our country, as I said before, for over 40 years. At this time they were a revolutionary act which resulted from the conflict with Stalin and his ideology. This was the first attempt at emancipating a movement in the communist world and by a country that had a communist party in power and tried to find its own road that would suit its own needs and interests, lead to the democratization of that society, and motivate people to work better.

The sale of the social capital to the workers is motivated not only with the strivings to increase their motivation to better utilize the available capacities in the enterprise in which they work, but also with elements of social justice toward the people who worked for years and invested a part of the value they created in the funds of these enterprises, as well as with the acquired feeling that the enterprise belongs to them.

This would be the general model of transformation of a part of the social capital that would apply to all the enterprises, but those of a public nature would have their specific traits, because state, as well as mixed and private ownership would be allowed.

Proceeding from these precepts, proposals have been drafted to amend the laws on social capital, on enterprises, on banks, on employment relations, as well as the group of laws that relate to the National Bank of Yugoslavia, banks, and other financial organizations, their bankruptcy, rescue, and liquidation, and the federal deposit insurance agency.

The changes that are proposed in all these laws proceed from the precepts explained earlier on the transformation of social capital into other forms of ownership and are tied to them. They (?basically) relate to the definition of the entitlements attained on the basis of capital and work, (?a precise) separation between the function of managing and the function of self-managing or participation. They relate to the setting up of appropriate relations immanent to such changes—management, administration, control—giving wider powers to management organs concerning hiring and firing, and so forth, giving wider powers to the National Bank of Yugoslavia in checking the operations of the banks not only from the point of view of checking that their work abides by the law also from the point of view of certain rules of economic justification of and checks on the decisions that the banks make, through measures to be applied to prevent possible damage that could arise, and in general the further building of the systemic provisions that (?stimulate) the founding, the operations, rescues, and liquidation of the banks and their coordination.

The aim of all these changes is to ensure the efficiency of the factors of production available and an increase in the efficiency of economic operations.

Considering that we still lack collective [labor] agreements, we decided to propose a law on personal incomes to bridge this period. The law proceeds from the rights of the enterprises to freely decide on wages [plate] according to their general rules as long as they can confirm their results in the market. However, wages would be paid in shares [Markovic hesitates]. However, the growth of wages—I apologize, this has been omitted in writing—the growth of wages would be paid in shares so as to speed up the process of reprivatization, so that the workers obtaining a part of the increased wages in the form of shares would become part owners of the enterprise in which they work and would thus be considerably motivated to increase the efficiency of the resources and the productivity of labor.

Here in essence is a matter of changes that have a big revolutionary significance for the development of our society. The convertibility of the currency, for example, was the basic factor, the lever with which we have accomplished the reform moves so far. Thus the transformation of the social capital, or rather its recapitalization and privatization, with the rights of workers to buy, on special terms, a part of social capital constitutes our answer of how to accomplish the transformation of social capital with a minimum of social tensions and social cost, as a precondition for the transformation and reform of our society in general, including the motivation of workers and the development of property democracy. Ultimately this is in accordance with the modern tendencies in all the developed countries, because when denationalization of enterprises is carried out, it is endeavored to sell them to millions of owners and not to individuals, because one of the most important and greatest problems that modern society must resolve is the motivation, the interest of people, their involvement, their recreation and interest, so that they do their work in the best possible way, thus achieving the greatest possible results and forming a richer society.

Comrades, ladies and gentlemen, the changes proposed in the economic system, especially in restructuring the property relations, make possible the further shaping of a consistent macroeconomic policy which uses the methods and means of managing the economy that suit a market economy and a new role of the state and its institutions, and especially a new role of the FEC as the creator of this policy and a new role of the National Bank as an independent and responsible monetary authority.

Viewed globally, macroeconomic policy proceeds from three standpoints: First, in its conceptualizing, the fact must be respected that ownership restructuring is a relatively deep process and that, in the absence of an actual ownership, account must be taken of this. That is to say, as well as pure forms of market administration, it will contain certain elements that are specific to the present stage of the restructuring of the economy. However, regardless of this, the main characteristic of the measures must be stamped with the management of processes characteristic of an integrated market.

Second, market institutions have only just been set up or are in the process of being set up so their full operation cannot be counted upon without some transitional and auxiliary solutions.

Third, despite the fact that inflation has been reduced to zero or less than zero, we are still not yet in the situation whereby, because of the original structure of the economy and the great number of changes that must be made, and particularly because of its bad financial state, we can say that the economy is relatively stabilized and that macroeconomic policy is proceeding from the position that this work has been carried out.

In other words, efforts must be continued in parallel and simultaneously to consolidate the stability that has been achieved and gradually create conditions for encouraging development and the restructuring of enterprises and banks, in other words, depending on the extent to which both processes progress, to adapt macroeconomic policy to these processes and increasingly rely on the direct effects of a broad spectrum of market institutions. The existing contradictions between the new ambience, although it is not completely formed, and the original structure of enterprises can only be eliminated gradually, persistently, and in a synchronized way.

Bearing in mind all these warnings, macroeconomic policy in the second half of this year will have several characteristics. First, monetary policy basically remains restrictive and this at the level that has so far been reached with a significant expansion of the creditworthiness of commercial banks, because the restrictions that have hitherto existed in the available resources and investment frameworks are being reduced.

However, it is a fact of major importance that inflation has been reduced to zero and that by the end of the year one can count on its increase amounting to zero to one percent a month, which allows the discount rate of the National Bank, which is now actually positive, to be reduced from the current 23.4 to 14 percent. This is what the National Bank of Yugoslavia can and must do.

The discount rate is only one element in setting the price of money. Commercial banks are those that set the interest rate in its final form which applies to enterprises. By maintaining the discount rate, conditions are being created for it to be reduced for banks' clients too, but it is not certain that this will happen, that is to say, that the current high rate will be reduced, without some intervention. That is to say, because of their bad investments, tolerance of those who do not repay their loans properly, the writing off of bad debts, and so on, banks are using high interest rates to try to clear up or at least improve their situation. The cost of this is being paid by other enterprises, particularly those that can increase and expand their activities and (?exports).

To prevent this, for a certain period of time, interest rates should not be more than 40 percent above the discount rate of the National Bank, which means up to 19.6 percent. If one bears in mind that the current rate of interest can be as much as 50 percent, it is obvious that the economy can be more realistically helped a lot by a more normal setting of interest rates and, on the other hand, banks can be directed at more quickly clearing up their portfolios and financial rescues, which is also a condition for making not just banks but also the whole economy sound.

The further stabilization of our economy and the better and better functioning of the new system will, through its own logic, bring interest rates to the natural, and certainly lower, level.

I must state frankly that any restriction of factors, and thereby, interest rates, is not appropriate to our general orientation. We will therefore do everything that is necessary to use the economic measures that are in the powers of the National Bank of Yugoslavia to increase the real revenue of banks, above all, the swiftest possible adoption of the law on transferring some of the banks' portfolios at a level of $2.5 billion to a federal agency for restructuring and rescuing banks. I am appealing to you to adopt this law as soon as possible so that it can begin the individual restructuring of banks case by case either through financial rescue or liquidation.

In the course of this process, one should significantly reduce the present high and unjustified bank expenses, which are also a cause of the high interest rates. It would also be normal to expect that the banks begin to differentiate between borrowers according to their credit worthiness and to offer the first-class borrowers the most favorable interest rates, lower than the present ones. In any case, this is a transitional, provisional, and forced measure which must encourage us to restore the soundness of the banks more quickly. In fact, on this occasion we act in the same way as in the case of loans limitation which has helped us check the inflation, so that the measure became unnecessary within two months.

With these changes, the monetary policy will be able to continue its attempt to preserve the value of money and the dinar rate of exchange, and to determine the necessary supply of money taking into account the overall dinar and foreign exchange transactions.

Second, the macroeconomic policy in the sphere of economic relations and foreign exchange transactions with foreign countries will have the following characteristics:

The rate of exchange of the convertible dinar remains at one to seven when related to the Deutsche mark. This is a stable element in calculating enterprises' incomes and expenses, as well as a measure of relations between our prices and world prices. The liberalization of imports will be continued, with a protection that would in its form and essence be identical with market economies, but—it goes without saying—with higher customs rates, which will, over a period of several years, come closer to the level of protection in the developed market economies. You now have before you the draft customs law which includes these orientations.

The clearing trade and the clearing accounts are being changed as a constant element of the macroeconomic policy, or to put it better, they are being abolished, taking care to overcome and liquidate the present rights and obligations, and especially the present large surplus in the trade with this region, for which purpose appropriate solutions are being sought. In this way our currency will gain another element of convertibility, and along with convertible currencies it will become a means of payment in all transaction with foreign countries.

The abolition of the subsidies as the remaining form of export promotion is one of the conditions for the recognition of the external convertibility of the dinar in all current transactions. This recognition by the IMF, following the adoption of the proposed foreign exchange bill, may be expected with certainty in the course of the coming months.

The repayment of customs and dues, usual in all market economies, is being introduced as a support to the export economy. The funds of Jubmes [Jugoslavenska Banka za Medjunarodnu Ekonomsku Saradnju—Yugoslav Bank for International Economic Cooperation] will be increased to a level that will enable this bank to meet the growth in the exports of equipment, ships, investment work, and other forms of credit activities.

Following the example of other market economies, technical norms, quality norms and standards, ecological and hygienic protection will be introduced to protect the economy and the population and to prevent unfair competition.

The economic policy in this sphere and the overall activities by the FEC will be directed toward creating the conditions that the interest of foreign capital in comprehensive (?investment) in Yugoslavia increases every day, because the convertibility of the dinar and the stabilization of the economic trends provide all the necessary economic conditions for this.

Taken as a whole it may be said that the economic policy in this field, on the basis of systemic changes and the results so far, is in a position to consistently apply management methods suitable to market economies and countries with (?acknowledged) convertible currencies. In fact, deregulation and liberalization, shedding administrative interference, restrictions, and the use of various money substitutes have gone furthest in this field.

If we remember only what economic and political disputes arose concerning the foreign exchange system in the recent past, we may note that with all these measures we are depoliticizing an entire sphere of the system and economic life in our country.

Third: While the monetary policy and economic relations are ordered in such a way that they enable the implementation of the goals set in these fields and a global control by the overall macroeconomic policy, which is sufficiently evidenced by the results achieved, changes in the system and the policy are still ahead of us in the field of the fiscal policy and public spending. Constant steps to stabilization, restructuring, and ultimately the future development of a new system demand of the fiscal policy that it should play a more significant role, especially to help development and social policy, at the expense of the fiscal policy that is overemphasized at present. (?It should be subordinated to) the needs of a developed state at all levels. Such as it is, it still constitutes an excessive burden on the economy, hampers it, and deprives it of resources that should serve development rather than unproductive spending.

The prerequisite for bringing this section of the economic policy to a certain level of order and economic justification is carrying out a minimum of constitutional changes on the basis of which this part of the policy would become comparable to the one in the EC. Then, the present fiscal burdens which are based on some forms that are unknown to the rest of the world—contributions—or are much exaggerated, such as turnover tax, which distorts prices, and costs, and imposes a distorted structure of expenditure.

However, the change in the fiscal system lasts several years, and the development of economy in the first half of the year clearly points to the need to undertake several important moves in this area which would make it possible for a significant release of the burden on the economy in the second half of the year. This would be done by reducing taxes and contributions, reducing budget and public expenditure, that is, stopping it in the cases where there is an enormous growth or expansion of entitlements which do not have any financial backing.

Such a principle has enabled the present increase of the volume of income in the public sector, which was brought about in the way I have already spoken about.

Because of all this, the FEC either has undertaken or suggests the following measures: The federal turnover tax has been reduced by three percentage points and as many as 45 percentage points in the case of hygiene and cosmetic products, whereby one has enabled a considerable reduction of prices and costs of living, which will then favorably affect production, too.

As concerns the remaining income, the readjustment of the federal budget should cover these increased needs that the federation must fulfill in the case of export economy, agriculture, veterans' pensions, and the like.

b) [letter as heard] The FEC suggests that the SFRY Assembly should adopt the recommendation that the republics and provinces should reduce public expenditure by 18 percent and that (?this) reduction of contribution and taxes should directly reduce the economy's costs and improve its accumulation ability.

It would be best—and this was agreed at the meeting with the presidents of the Executive Councils of the republican and provincial Assemblies—if every sociopolitical community would itself do it in its domain.

c) The FEC suggests that, because inflation has been brought down and will remain in the planned limits in the coming period of time, the coordination of pensions and disablement pensions with the average increase of all personal incomes should be carried out every six months and the necessary adjustments should be made in the increase of privileged pensions.

The decrease in the growth of general consumption and these adjustments in the growth of pensions and disablement pensions are only a momentary intervention, until these areas of consumption are arranged in a more permanent way through respective changes in the fiscal system, the system of pension and disablement insurance, something which requires more detailed research.

Fourth: A consistent policy of personal incomes, as I have said, implies a solution to ownership relationship... [corrects himself] solved ownership relationship and, on the basis of that, the regulation of the entire domain of workers relations on the partnership basis through collective agreements. Only the proposal of the law on social capital creates conditions for the first radical step in changing ownership relationship in the social ownership sector. This process will have its current, both through selling shares and property in enterprises with social ownership, as well as introducing internal shares as a form of paying a part of earned income which results from [word indistinct] personal incomes according to the average from December last year to April this year.

Although we have been forced by necessity to seek a way that will make personal incomes a problem of the balance sheet and since there is no owner to take care of that, and to retain the principle that personal incomes are formed freely depending on results achieved, the solution proposed contains stimulating elements which will stimulate work, and create motivation for better management. This will happen because a higher profitability of an enterprise enables the workers to have corresponding dividends in their enterprise, and thereby a stronger feeling of ownership, as a tangible proof that enterprises belong to workers and that they manage them.

All in all, the consequent realization of economic policy in the aforementioned four areas ensures that the present stability and value of the dinar are preserved. It also increases the economy's participation in the distribution of the social product, reduces costs, and expands, at least to a certain extent, the modest opportunities for one's own development. However, this is the only realistic way to make the economy sound, along with a further and increasingly strong property and other restructuring.

Thus, the demand for a more expansive monetary policy, a more constant increase in public spending, an increase in personal incomes regardless of business results, the liquidity, or solvency of enterprises, as well as an increase in the burdens on the economy, does not in the least lead to expansion and development but to new and even greater losses, the re-escalation of inflation, and a deeper recession.

Fifth: the prices of goods and services on the domestic market are set freely. Prices in the infrastructure activities will be formed on the basis of common criteria, especially since no economic reasons now exist for changing energy prices, this also goes for the price of oil. Prices of goods which have been directly controlled have been liberalized.

The decision by the SFRY Assembly according to which housing and utilities prices and town transportation prices were maximized is now no longer valid. However, bearing in mind their importance and influence on the population's living standard, as well as the fact that since 18 December last year they have been set freely, that their increase has been above the average price increases in the economy, and that they have basically followed the general increases, we have proposed that the Chamber of Republics and Provinces recommend that the appropriate organs and organizations take measures which will ensure that these prices do not exceed the already achieved level of inflation. That is to say, that it not exceed the present one of course, reduced by 10 percent of the actual increase in prices since the decision was made or reduced by the amount that prices have increased in the various activities during the period that the decision was valid.

The new concept of development is based on deep changes in the economic system and is directed at further opening up to the international community, at structural changes, and the release of entrepreneurial initiative. This will contribute to the construction of a new, export-oriented economic structure, the rational use of available resources, and the greater flow and efficient use of knowledge and capital.

Bearing in mind the reform conditions and the material and other possibilities of restricting development, the essence of the new concept of the construction of an efficient and competitive economy consists of:

a) The restructuring of enterprises and banks to eliminate those that are inefficient on the market and the stimulation and development of efficient economic subjects. Also, the restructuring of enterprises on new ownership foundations and the enrichment of the economic structure and the formation of above all new small-and medium-sized enterprises in all areas are two basic directions of the same process.

b) The construction of new production orientations and technological modernization with the focus on the development of neglected sectors, particularly the tertiary sector and trade, as well as on the entire economic and social transformation of the countryside, the more emphatic development of the labor intensive structure of the economy, accompanied by the corresponding training of cadres, support for the construction of infrastructure entities, particularly transportation as the backbone of economic development, the reduction of energy costs per production unit, the protection of the environment, and the realization of the complex housing reform.

Sixth: the formulation and realization of social programs as an integral part of effective development in the new conditions, that is to say, the process of restructuring the economy imposes high social costs for the needs of unemployed workers and their retraining, which presents major tasks for all sociopolitical communities.

The new ambience of ownership restructuring and financial transformation and the effective implementation of economic policy measures will create appropriate conditions for exceptional dynamism in setting up small and medium-sized enterprises, particularly in the private sector. What is significant is the creation of these enterprises by transforming large enterprises which are inefficient in their present form.

The strategy of opening up to the international economic and political environment respects the fact that in the coming period a new institutional system will be established of international economic relations through a coordinated regime of multilateral trade relations for goods, services, direct investment, capital movement, and intellectual property.

The sharpening of the rules of international competition determines the essence and scope of our economic developmental policy. In the same way but considerably more competitive and direct, in the realization of certain segments of the developmental economic policy, the homogenization of the internal market of the countries of the OECD, and particularly the EEC and EFTA [European Free Trade Association], must also be respected.

Within the framework of the entire new developmental policy, particular attention will be paid to the most important policies.

First: The policy of scientific-technological development will be directed by economic policy instruments toward stimulating the innovational and technological capability of enterprises, the diffusion of modern technology, and particularly the setting up and training of the scientific-technological infrastructure. This means that the policy of scientific-technological development will be directed to those who will prove themselves on the domestic and world markets, irrespective of ownership, the size, sector, or branch of the economy, and who will be developed as the driving force of the technological transformation of the economic development.

New financial mechanisms are needed for successful technological development, above all the introduction of enterprise capital.

Second: The new concept of the development of agriculture and the transformation of the countryside is based on strengthening the market economic conditions while respecting the specificities of this economic field. It is also based on making the economic conditions of the social, private, and cooperative sectors of agriculture uniform; the establishment of the appropriate mechanisms and institutions for the successful functioning of the market of agricultural food products; the production of healthy food; the development of superior stages of processing and the achievement of a high quality of agricultural products; the development of technological information systems, agricultural specialist services, and marketing infrastructure; an increase in economic efficiency and competition on the market of all subjects, irrespective of the form of ownership; and, on these bases, the production and export of agricultural and food products.

Of particular importance in the new concept of development is the economic and social development of the countryside through the release of private initiative and the use of all available potentials of the peasant economy—from production through processing, craftsmanship, small businesses, handicrafts, and trade to rural tourism. This will make a significant contribution to the transformation of the countryside and raise the standard of living in rural areas.

Third: Considering the exceptional importance of tourism and its multifaceted effect on the development of other sectors of the economy—the increase in employment and regional development, foreign currency flow, and particularly the prospects for activating the entrepreneurship of foreign partners—it is essential that all sociopolitical communities contribute to dynamic development of the tourist industry by developing the appropriate infrastructure and by using domestic and foreign accumulation. To this end, the use of loans from international financial and other organizations will be increased.

Fourth: In analyzing the infrastructural prerequisites demanded by our new developmental concept, we have realized that in the immediate future a limiting factor will be unconstructed transport links, which means that we will have to engage in the swift construction of transport links, which also means commercializing them as much as possible.

When we look at the map of our country and its geopolitical position, it is clear what these transport links are. These are the ones that go from the west to the southeast and from the north to the south, where two forks—one via the continental part and the other via the Adriatic coast—meet in Skopje, and from the north and the west in Belgrade.

By restructuring transport and communications into capable and high-quality entities on the domestic and European markets and creating conditions for the more intensive construction of the transport and telecommunications infrastructure—through domestic, joint, and foreign investment and concessions—the economy will be provided with the rational exchange of goods, modern travel conditions, and thus a reduction in costs and the boosting of production.

Fifth: To ensure that the market of goods and services functions more successfully, as an integral part of the integrated market, an all-encompassing reform of trade activity is necessary in the direction of strengthening the independence and business acumen of trade enterprises, the development of entrepreneurship, the internal structural transformation, and the strengthening of competition through the development of the private sector.

Sixth: A significant rapid contribution to boosting production may be made by a revival of housing construction by activating (?the tied) social capital invested in housing. Therefore, it is necessary to implement a complete reform of the housing and utility economy, so that the sphere of housing would be turned to the market in all its segments. At the same time, this means that housing rents will become the real price for the use of an apartment. Therefore, the social component must be separated from the economic one and a selective social policy should be applied for the most underprivileged strata of the population.

The reform of the housing sphere implies appropriate system changes which will create the conditions for setting up contractual relations between the owner and the tenant, in which both would be protected. The framework of protection in the contractual relations is regulated by law. These changes will ensure greater motivation for the purchase of socially owned apartments and reduce the number of people holding entitlements to an apartment.

Seventh: A new approach to the factors of economic and social development puts man, education and the training of cadres, science, health and the quality of life, and a successful functioning of social activities conditioned by the changes in the development policy to the forefront, which demands changes in the socioeconomic system, including the SFRY Constitution, changes in the system of management, decisionmaking, the manner of financing, and new macroeconomic policy instruments in these fields.

The dynamics of the restructuring of the economy, which implies an accelerated development of services and a diffusion of new technology, will be manifested through qualitative changes in the structure of employment and a greater need for professional workers. The system of schooling and education will experience considerable changes in the process of establishing a continuity in education, the aim being to create a structure of qualifications appropriate to efficient development and technological progress.

In keeping with the growth of income through improving the system of motivation, the standard of living of the people will be raised. The quality of satisfying the essential needs, the quality of services, and thus the quality of life will be enhanced, and this will act as an additional motive for the increase of the productivity of workers.

Eighth: The development of the economically underdeveloped republics and provinces retains a significant place in the economic policy as a whole in the coming period. For the further development of economically underdeveloped regions, for an increase in their economic efficiency, and especially for a change of the economic structure, an essential transformation of the present policy of encouraging their accelerated development is necessary, including a transformation of the Federal Fund. In this respect, the policy of stimulation and its realization must be harmonized with the new economic system.

For the realization of the accelerated and more efficient development of the underdeveloped republics and the province of Kosovo, financial resources are not sufficient. A complex approach is needed with developed institutions, especially including the training of the human factor for the market transformation and restructuring of the economy.

One must bear in mind that the present system of stimulation has been in force [words indistinct], and the FEC is working out the questions of relevance to the development of the economically underdeveloped regions in the form of a comprehensive platform which it will present only as a stimulation and basis for discussion to all the republics and provinces and the respective organs in the federation.

We are aware of the complexity of this problem, both in its economic and its political nature. We believe that this discussion should be approached without any exclusiveness and with a maximum measure of mutual understanding and tolerance, so that the eventual agreement may contain elements of mutual trust, solidarity, and economic unity.

As regards the current financing of the Federal Fund, the FEC, bearing in mind the real gravity of the economic situation in all the republics and provinces, has proposed a bill which provides that the arrears in the payments of the republics and provinces to the Federal Fund should be paid in five installments, and I suggest to the Chamber of the Republics and Provinces that it should adopt the bill as soon as possible.

Ninth: After this part of my report on development, allow me to say something else.

Even though the proportion of actual investment in the social product has been falling for the last few years, according to international criteria this proportion is still at such a level that it should make a much more significant contribution to development and the increase of capacity, and thus to the rise in production. Even taking into account the fact that a small part of the payments concerns (annual payments under earlier commitments), investments are to a great extent still being persistently made in projects whose construction began many years ago both in the economy and the noneconomic sector, even though we are talking about many projects about which it was known in advance that if they were ever finished they would never be able to ensure the necessary minimum of profitability. This was because they have been constructed over a long time and inefficiently, have not been devoted to exports, and the sale of their products cannot be assured, or if this concerned noneconomic projects, because it would not be possible to ensure the current financing of their activities.

In conditions when accumulation in the economy is modest, the current practice must end to raise the level of the efficiency of investment and such projects should be completely abandoned or mothballed and the investment should be turned to concrete flexible smaller projects which are not capital intensive and are not high energy consumers, which eliminate the bottlenecks in production, which significantly increase employment, and which need a short time to be constructed. In this way the existing capacities will be partly improved and the total efficiency, and thus contributions in all developmental aspects, will be increased.

Comrades, ladies and gentlemen, within the framework of the reforms which are aimed at a radical transformation of the existing social relations, a significant role is played by changes in the political system. The changes that have already been made have created prerequisites for us to begin to rid ourselves of contradictions and restrictions in a system that is historically outdated. This concerns above all the practice in which the political system has had priority over the economy. This also means a radical break with the concept of ideologized integrated self-management, for which unsuccessful attempts have been made to construct it on the model of a consensus economy.

Radical changes are under way in the economic core of Yugoslav society, which have hitherto been discussed. Through the force of objective inevitability, these changes determine the change in the political essence of our society, based on the competition of ideas and programs, citizens' freedoms and rights, and the operation of a state which adheres to the rule of law.

The democratic form of the expression of political pluralism is a multiparty system, free, direct, and secret elections, and parliaments set up on the basis of these elections and justice which is not an ideologized instrument of power or an instrument of sociopolitical interests and political interests.

Political pluralism and the multiparty system are beginning a new chapter in our development which includes expanding the freedoms and rights of citizens and their political and other social activities, and the strengthening of all the democratic processes in society for the sake of its swifter economic, social, cultural, and other development.

Changes in the political system should provide not only a new democratic procedure for setting up new state organs on pluralist foundations which will continue to implement the incipient reforms, but its own real legitimacy and recognition of many values inherent in this system.

A state which adheres to the rule of law in the new political ambience should ensure that these values are protected and remain constant. The social changes that have already been made mean that the model of a party state has been abandoned. By constructing a new parliamentary system, we are overcoming the confusing situation of the remnants of the old state-party model and entering into clearly defined relations between the state and the economy, between the state and the citizen, that is to say, between the citizen and the authorities, as well as the rules of a multiparty democracy and relations between individual holders of power based on the principle of the separation of powers into legislative, executive, and judicial power.

The range and character of the changes in the political system require a complex approach which above all includes the level at which they are established by the Constitution. Precisely because of this, the amendments to the SFRY Constitution, which have been proposed by the FEC and which are at the stage of being coordinated, have been conceptualized so that they express the consistency of ideas on changes in economic relations, in the area of human freedoms and rights, and in the political system and in the functions of the state.

It is well known that there have been greater or lesser disagreements over some of the provisions contained in the amendments. Bearing this in mind, the FEC stresses that even at the stage of submitting the proposal on initiating the changes to the Constitution, it decided that it considered all the proposed provisions to be necessary from the point of view of the further realization of the social reform. Irrespective of this, the endorsement of each individual amendment represents, objectively speaking, a step forward in relation to the existing situation.

Considering the importance of the reasons which motivate the proposed constitutional changes, the FEC thinks that if all the amendments are not endorsed at the same time, the activity on reaching consensus for the remaining amendments should be continued without delay and they should be adopted when the optimal solutions are found.

The entire Yugoslav public is preoccupied with concern for the destiny and future of Yugoslavia. Like the sword of Damocles, the question hovers over us of what our country's future will be like. Will it disintegrate, as some people predict, and depart the political stage or will we nevertheless find the strength to construct new mutual trust on healthy new foundations?

The FEC proceeds from the belief that the reforms that have already been implemented and have already produced excellent results, as well as the changes that are under way, give a good basis for optimism and it thinks that it is possible to construct the sociopolitical relations in our country on the following premises:

First: Yugoslavia is defined as a modern and efficient parliamentary state governed by the rule of law, a community of peoples and nationalities and republics and provinces on new agreements and the new foundations of voluntarily united peoples and their republics, based on the principle of self-determination as far as secession and a system of the division of authority, and as a democratic social community of citizens and peoples and nationalities.

The necessary degree of unity in the socioeconomic order and the political system in Yugoslavia is ensured in conformity with generally accepted civilizational achievements which ensure the domination of the modern market economy, economic efficiency, the autonomy of economic entities, ownership and political pluralism, and the concept of the rule of law and social justice.

Second: The political system of Yugoslavia is based on citizens as political subjects and their dominant influence in decisionmaking processes in which they are guaranteed freedom, direct secret elections, and the right to free political association.

Third: In line with the principles of the self-organization of republics as sovereign states, the Yugoslav Constitution settles only those questions concerning the socioeconomic order and the political and legal system which are established as common interests and which facilitate the optimal realization of the functions of the system.

Considering the need to limit the state's interest in the [word indistinct] economy, it is necessary, in line with the affirmation of a market economy, to endeavor to restrict the functions that the state still has in the economic sphere, but not in the sense of decentralization and the transference of powers to regulate the corresponding relations to the republics, provinces, and communes, but in the sense of abandoning the practice of the law determining certain relations at all levels.

Fourth: The constitution that establishes a common state determines the basic freedoms, rights, and duties of citizens and ensures that they are protected and exercised.

Fifth: The SFRY Constitution determines and safeguards the principles of the state based on the rule of law: the legal foundations of the state; the separation of powers into the legislative, the executive, and the judicial; the legal limitation of the state power; constitutionality and legality; publicity of work and responsibility; legal security; legal efficiency; social justice and so on; as well as the freedom of multiparty organization and respect and protection of human and civil freedoms and rights which must not be limited by law.

Sixth: Being an international legal subject, Yugoslavia is open to international cooperation, connections, and integration.

To implement the above-mentioned principles, Yugoslavia, as a state community, would have to posses a necessary minimum of independent functions which would be expressed through determining, ensuring, and protecting basic human and civil freedoms and rights—unified modern standards concerning the socioeconomic setup (?and) political and legal system. This means that these functions should be established by the Constitution as legal, and not sociopolitical and quasi-self-managing functions. It is also necessary to clearly and precisely establish the contents and volume of the above-mentioned individual functions. When establishing legal prerogatives, it is necessary to establish which ones of them will be realized as prerogatives of the organs of the joint state and which ones will be realized along with the cooperation with the republics and to what extent will they do so.

As regards the basic directions of the reform of the executive and administrative function, in conformity with the above-mentioned orientations of the socioeconomic setup and political system, one should as much as possible respect the corresponding experiences of, that is to say, solutions used by the contemporary parliamentary states based on the rule of law. Such orientation will be expressed in the following way:

First: determining the position, functions, and methods of work of executive and administrative organs;

Second: depolitizing the administration and ensuring conditions and prerequisites for its independent and legal activity in a multiparty system;

Third: separating the functions of the state from the local self-managing functions; and

Fourth: separating the functions of the executive and administrative organs from the functions of other state organs and nonstate subjects.

In conformity with this, it is necessary to ensure an adequate separation of the executive and administrative functions. The FEC should become the holder of the executive function, which is a primarily political function. This means that the FEC would be authorized to determine and carry out the current policy of the country, and the parliament would have a legislative and controlling function. Executive functions, being political, should be separated from the direct realization of the administrative functions and would ensure the government's control over the work of the administration. In that sense, the administrative-legal definition of the FEC should be that it is a government. This points to the need to reexamine the former constitutional provisions concerning the position, powers, method of work, and the relations of the FEC, that is, the government with the SFRY Assembly.

At the present stage of the constitutional changes I suggest we should examine the possibility of including in the proposed amendments the amendment envisaging the rescission of the provision in Paragraph 5, Article 348 of the SFRY Constitution on the incompatibility of the role of a delegate to the SFRY Assembly with the role of the president, that is, a member of the FEC or the federal government.

The reform of the political system requires quicker changes in the judicial system which logically result from our orientation toward a state based on the rule of law. The legal system should be (?constituted) with all of the independent functions of the control and protective mechanism whose independent position in the system of the division of power guarantees that constitutional and legal norms, the protection of civil freedoms and rights, and the realization of constitutionality and legality will be respected. The proposed amendments to the SFRY Constitution which (?safeguard) these principles are another contribution to such an orientation of the FEC.

In the conditions of establishing political pluralism, building a state based on the rule of law, and democratizing social life, the sphere of human rights and freedoms is a particularly important segment of the political system. Proceeding from this, the FEC will be working on the complete and consistent realization and efficient protection of human freedoms and rights guaranteed by the Constitution. In this area we must try to undertake the respective measures continuously and systematically to eliminate the former practice of restricting these freedoms by laws and other regulations.

The FEC is of the opinion that, with the same aim in mind, it is necessary to ensure that all state organs, particularly those which posses the authority to use coercion, will fully respect all guaranties of human freedoms and rights in performing their duties. In this context, we should precisely and clearly establish the position, role, and prerogatives of the internal affairs organs, particularly those performing state security duties. This has been worked on intensively, and we shall soon propose radical changes to the present law in this sphere. In this way, we will prevent anyone from placing extra-institutional influence on the work of the state's security service, apart from the influence of the Assembly, the Presidency, and the government. In a word, the service will work exclusively according to the law and the Constitution.

Proceeding from its orientations in this sphere, the FEC will also continue its activities on the reform of penal legislation which has already been started. The protection of civil freedoms and rights is the basic postulate of this reform.

Activities concerning human freedoms and rights involve taking up new obligations on the international scene in this sphere. In particular, we should ensure the implementation of instruments which will introduce control by international bodies of the implementation of human rights and, in that connection, we should constitute a respective body in the country which will deal in the protection of freedoms and rights.

Political pluralism and the (?realization) of normative conditions for implementing civil rights and freedoms and for political association are expanding the sphere of civil rights and freedoms and [words indistinct] establishment of development of a modern democratic political system.

Being led by this, the FEC has proposed the law on the association of citizens into associations, social organizations, and political organizations which are founded on the territory of the SFRY. The assembly procedure is under way.

The adoption of a new electoral system at the federal level is one of the essential factors of the further reform of the political system. The need to make it possible for the composition of the SFRY Assembly Federal Chamber, in the next term, to be the result of pluralist elections was the only reason to adopt the constitutional law which extended the term of office to the SFRY Assembly delegates. This is why it is necessary to create all normative prerequisites which are necessary for conducting multiparty elections in the term of office which has been ensured by adopting the said constitutional law.

One of the most topical questions are the coming multiparty parliamentary elections, which should reflect the changes carried out and the degree of their democratization. At the same time, the newly elected parliament should open a new chapter in the development of our society which will be based on the democratic achievements of the modern world. This gives rise to the obligation to carry out special preparations for the first parliamentary, general, free, secret, and direct elections which will confirm the changes in the building up of our society.

The historic democratic changes in the world, particularly in Europe over last year, are the result of the development of many years and the concurrence of many factors: military, economic, political, social, and psychological. The [word indistinct] of the bloc system and the inability of real socialism to adjust itself to the needs of the new times have resulted in the awareness of human freedoms and rights, as unique civilizational norms, values, and relations. The dissolution of one bloc and the transformation of the other one are freeing our entire continent of the constraints of many years and are leading to essential changes of overall mutual relations.

New movements and new people are entering the political scene. Democracy, economic efficiency, technological development, and environmental protection have become a global preoccupation. Disharmonies of many years in the word economy and the huge economic difficulties of the Third World have been joined by the developmental problems in the USSR and the countries of Central and East Europe.

The whole world, not only Europe, is passing through this process of adjustments in which the democratic changes are the deepest and most visible. In some countries, these processes have advanced, and in others the realization that they are inevitable is yet ripening. Some of these processes are under way in our country, too. Assessing that our political reform is based on something that is a historical law and that has been our potential asset, all the international factors support us, including international financial institutions, such as the IMF, the World Bank, the OECD. We have moved toward full membership in the OECD, as well as in the Council of Europe. We are working on association with the EC and on a free-trade zone with the EFTA countries

Foreign support for our reform program is no longer extended just in principle, but is specific. We expect loans of $3.5 billion, of which $2.5 billion have already been agreed upon.

Our foreign political activities have been dynamic and productive. We have made great steps in approaching European institutions and groups. The problems that have remained in this connection must be solved at home. This refers above all to the completion of the process of democratic transformation and the holding of general Yugoslav multiparty elections. The pace and the quality of the place that we wish to have in Europe depend on the success in this field.

Links with Europe imply an essential inclusion of the modern processes, including the convertibility of the dinar, new economic development, and a democratic political equilibrium between the blocs that are now changing in their fundamentals.

Our independent and nonaligned policy has opened and continues to open the prospects to different, democratic, and international relations... [corrects himself] to different democratic international relations, regardless of the problems that are arising.

With our innovations in the internal system we were the first to open an alternative to Stalinism. This period of history is behind us. The new challenges demand of us that, in addition to rounding off the reform, we overcome serious problems, divisions, and dilemmas, nationalisms, and intolerance, everything that diverts us from the future and returns us to the past. Nobody in this Europe wants new local conflicts, revival of old problems, violence, a stopping of democratic processes, and even less a reshaping of the borders. Internal stability on the basis of democracy, equality, a successful market economy, and openness to the world are the only visa required for entry into Europe, including us.

A democratic and stable Yugoslavia is the highest interest of all our peoples, nationalities, and citizens, and it is also a strategic interest of Europe and our other partners. Day and night we are receiving messages to this effect. Such a Yugoslavia constitutes the basis for the trust of others in our reforms and our future on the basis of these reforms. On the basis of the results achieved so far, one counts on such a Yugoslavia as an important element in the future European architecture. At the same time, our reforms can hardly be achieved without this trust and without further support based on it.

Comrades, ladies and gentlemen, the situation in the country—political, economic, and social—provokes very controversial interpretations and very varied feelings, ranging from the extreme concern for the existence and the future of the country and our federal community up to euphoric feelings and demands for reshaping the internal borders, historical revindications, and unthinking statements which cause deep concern to the great majority of our citizens as regards their common future now and further ahead. Inflaming national passions and intolerance is now the chief obstacle to the building of democratic society in which every citizen and every people and nationality will be respected in their rights and will be responsible for their own, as well as the common, future.

A market economy and democratic political life demand a democratization of all parts of society and its institutions now, and even more tomorrow. They demand changes in property ownership, multiparty structuring of political life, a reform of social activities and—considering the changed international and domestic circumstances—a reform of the armed forces and of foreign political relations. The defense and protection doctrine should express the new realities in protecting the integrity and security of the country, and our foreign policy should more adequately express the new requirements and interests in the international field.

The reforms are already under way in both these fields. Nothing can remain unchanged in the existing form and perception, because the entire environment in which we live is changing. The goals are being defined again, and nobody can stay out of this process.

To the extent that the positive changes are developing more rapidly in each of the existing institutions, the present objections which are often unreasonable will be negated and will disappear, and social tensions will disappear with them.

The deep seething in society, first as a consequence of the crisis and then as a consequence of the radical economic and political reforms undertaken or to come, should be reflected in the consciousness, trust, and interests of individuals and people in society in which the economic and political relations have long been (?stratified). Such occurrences and consequences could and should be expected. The changes are such that they change the economic and political ambience in the country.

This gives rise to such a level of politicization of all the relations in society and to the need for every individual to perceive his own interest as a citizen, as an economic factor, as a member of the peoples and nationalities to whom he belongs, and as a citizen of Yugoslavia.

A new articulation of all these interests is necessary, and so is their synthesis, which should be contained in the Constitution of Yugoslavia and the constitutions of sovereign republics. This will be the basis for the political, legal, and economic system of Yugoslavia as an expression of a free agreement on common life and the future.

Many changes are under way, many are behind us. They have advanced furthest in the economic field, and they are very intensively developing in the political field. Free elections have been held in two republics and representatives have been democratically elected, and the elections will follow in other republics one after another in the coming months. This also applies to the elections to the Federal Assembly.

Regardless of all the disputes, conflicts, and divisions so far, it remains a fact that the deep economic and political changes are evolving at an accelerated pace while the state and all its institutions are functioning. This is of great significance, especially if one bears in mind the entire complexity of our community from the angle of history and traditional, cultural, religious, and other differences.

However, from the aspect of our joining a multilateral and multinational Europe, in which European economies and the countries of the European nations will be integrated at a higher level and will live there in a community that will be characterized by many differences which, along with a consistent respect for the rights of people and nations and tolerance, will be the basic condition of the common life and progress. [sentence as heard]

Therefore, in all these institutions, in every republic and province, we are undergoing a test of tolerance and mutual respect, which in the near future we will have to manifest as a part of the European community of cultural, civilizational, and economically prosperous peoples. If we manifest this spirit and calm down the passions, rationalize our conduct and make it reasonable, and turn to the future, persistent in realizing our program of economic and political reform to the greatest possible extent, we will more rapidly approach our common aim: to become citizens of Europe.

Singularly turning to history, making a fetish of national symbols, and deriving inspiration from myths can never take priority over the demands and the needs and the aspirations of the present generations to a decent life in the present time and in the future.

In this period of a quicker democratization of social life, it has been shown that many scars of the liberation war past have not healed yet. All that we have achieved and passed jointly shows that the past should certainly not be repeated, because the cost would be too high. We are therefore working on an Europeanization of the Balkans rather than on a Balkanization of Europe.

The establishment of democracy in European countries and all the significant crucial moments in their near and distant past show that extremisms thrived in these periods. However, as soon as society is stabilized and adopts democratic norms of behavior, the rule of law is established, and the economy is given scope for free development and competition, these processes recede to the margin.

The extremisms in our country are a transitional occurrence, too. If we firmly decide for reform and get involved in its realization, every further step in advancing it will turn the people more and more to life and to the future, while the flags, slogans, and symbols of the past and their bearers will be pushed back where they belong.

With the problems that we have, if for the moment we set aside all the party contests and specific traits, except the extremist ones, we will notice that the differences are not so great because they are all contained in the general striving to build an economy open to the world, to adopt the standards of political democracy and a parliamentary state ruled by law, with full respect for human rights. Our program, which is already yielding tangible results, and the forthcoming changes, which are probably of an even greater significance and signify a further step in the building of a new system, constitute a complete whole and therefore they can be a platform for the future development of Yugoslavia.

Precisely for this reason we must bear responsibility for our conduct and for the present and the future of this community. All those who have become acquainted with the Yugoslav problem... [corrects himself] program of reform and have seen its results are unanimous in their assessment that this country and its peoples possess great courage and knowledge to synthesize the best foreign experience with their own. This problem, which as a unified... [corrects himself] which is unified, may constitute a bridge for cooperation with other countries that are only entering these processes, and with all those countries in which such a system of democracy and market economy has been known for a long time. Precisely for this reason this program alone has a chance of success.

If we proceed from these proven and recognized realizations and results, I do not doubt that we are going to win the convidence of the majority of citizens in the remaining republican elections and, particularly in the elections for the Federal Chamber, get a coalition which will support the successful conclusion of the road into reform and will be capable of respecting all interests, and have a parliament capable of making decisions which will unite peoples, suppress hatred and suspicions, and expand human freedoms and the sovereignty of peoples.

It is our basic task to unite ourselves in seeking roads to our joint freedom which would be acceptable to everybody and led by reason and the interests of the peoples of this country. There is no problem or dispute about which one cannot talk and agree. We have been building a system which will ensure economic efficacy, political pluralism, a state based on the rule of law, and social justice.

Let us make our contribution to the buildup of such a system once again.

These are the times of changes. Join us. [applause]

Croatia 'Cannot Accept' Sovereignty Infringement

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[Text] Zagreb, 28 Jun (TANJUG)—The Yugoslav Republic of Croatia cannot accept constitutional solutions which infringe upon its state sovreignty and for this reason it finds unacceptable the majority of amendments to the Yugoslav Constitution, republican Assembly Vice-President Vladimir Seks said at an Assembly session.

According to Seks, a famous lawyer, the Croatian Assembly could support only some of the amendments relating to introducing and advancing pluralism of ownership, eliminating obstacles to the economic reform, enriching democratic relations and broadening human rights and freedoms.

Seks also assessed that Croatia's state sovereignty, in the community of other nations of present-day Yugoslavia, can be ensured only on confederative foundations, as an agreed league of sovereign states.

Previously, Croatian Presidency President Dr Franjo Tudjman set out a proposal of amendments to the Croatian Constitution which abolishes all ideological markings contained in the name and symbolism of Yugoslavia's second largest republic.

Socialist and single-party markings have become anachronistic emblems of a socio-political system which has already experienced or is experiencing a total collapse not only in Croatia but in other countries.

Dr Tudjman's Croatian Democratic Union won convincingly in the first post war multi-party elections in Croatia last May.

During today's session, republican Foreign Secretary Zdravko Mrsic pointed out that it was necessary to establish on the international scene Croatia's identity as a free, sovereign, democratic and legal state. Consular representatives from the Republic should immediately be provided in those countries where the majority of emigrants from Yugoslavia are Croatian, Mrsic concluded.

President Kucan Comments on Slovene Sovereignty

LD2906150890 Belgrade TANJUG in English 1349 GMT 29 Jun 90

[Text] Ljubljana, 29 Jun (TANJUG)—The economic and political sovereignty of each of Yugoslavia's six republics are a natural and constitutional basis for talks with the other nations and republics in Yugoslavia on the substance and form of a life together, president of Yugoslavia's northern republic of Slovenia Milan Kucan has stated in an interview to Zagreb TV.

The new Slovene Constitution is to be drawn up as the highest legal act of Slovenia as a sovereign state and not a Yugoslav federal unit, Kucan set out. He qualified the recent initiative of the Slovene state presidency for the adoption of Slovenia's new constitution as the fulfillment of the will of the Slovene people.

Kucan underscored that the political situation in Yugoslavia permitted only a debate on Yugoslavia as a confederation.

Serbian-Montenegrin Unification Movement Formed

LD3006023690 Belgrade TANJUG in English 0154 GMT 30 Jun 90

[Text] Belgrade, 30 Jun (TANJUG)—A movement for unifying Serbia and Montenegro, two Yugoslav republics in which, the founders' meeting was told, one people, the Serbs, has been living all the time, was set up here Friday [29 June].

The movement scheduled a referendum for next November 26 and then the Serbs and the Montenegrins should make it clear whether they are for unification or against it.

If the referendum-to-be shows that the people of Serbia and Montenegro is not for unification, the movement will be dissolved. In the opposite case, it will be made into a political party, it was concluded at the founders' meeting.

A party with a similar programme already exists in Montenegro. This is the People's Party led by a university professor, Novak Kilibarda. It also works for unification, should the Yugoslav Federation fall apart. The ruling Communists are of a similar opinion.

If Serbia and Montenegro unite, this will be for a second time in [word indistinct] years. This happened in 1918 for the first time as an introduction into forming Yugoslavia on the ruins of the Austro-Hungarian monarchy at the time.

The people speaking the same language, the Serbian language, live in both Serbia and Montenegro. Their religious affiliation is the same—Christian Orthodox. The Montenegrins like to lay emphasis on some of the Serbian history's great being of Montenegrin descent, like [word indistinct] Radjordje, the leader of the first Serbian uprising against the Turkish rule early in the 19th century, Vuk Karadzic, the great reformer of the Serbian language.

Serbia's president in office, Slobodan Milosevic, is also a Montenegrin.

Anyhow, also to be found in Montenegro are parties and movements claiming that the Montenegrins are a nation of their own and refuse to have anything to do with Serbia.

The late president Tito of Yugoslavia kept encouraging and in power just that [passage indistinct] current, the founders' meeting said.

New Social-Democratic Party in Bosnia-Hercegovina

LD3006154190 Belgrade TANJUG in English 1338 GMT 30 Jun 90

[Text] Sarajevo, 30 Jun (TANJUG)—A new political party, the Socialist Democratic Alliance of Bosnia-Hercegovina, has been founded in Sarajevo, capital of this Yugoslav republic.

About 280 thousand citizens of Bosnia-Hercegovina have so far applied for membership of this party, established on the foundations of the mass front organization, the Socialist Alliance.

The party's founding congress on Saturday [30 June] was told that Bosnia- Hercegovina was not created by "bargaining at the courts in Belgrade and Zagreb"—the capitals of the two neighbouring republics, Croatia and Serbia—and that nobody's deals can jeopardize its state and territorial integrity.

Bosnia-Hercegovina, one of the six republics making up Yugoslavia, has a population of about four million, 40 per cent of whom are muslims, 32 per cent Serbs, and 27 per cent Croats.

Markovic Receives USSR Deputy Premier Sitaryan

LD3006024490 Belgrade TANJUG in English 1934 GMT 29 Jun 90

[Text] Belgrade, 29 Jun (TANJUG)—Yugoslav Premier Ante Markovic today received Soviet Council of Ministers Deputy Premier Sitaryan. They had talks on the international developments in the two countries as well as the reforms of socio-economic systems which they are implementing.

It was stressed that Yugoslav-Soviet relations are developing successfully but that a solution should be sought for the problem of the Yugoslav trade surplus with the Soviet Union, which has become a barrier to further intensification of the two countries's economic relations. Joint investments and increasing Yugoslav imports of Soviet gas were set out as possible forms of resolving the problem.

Moscow Agrees to Convertible Currency Payments

LD3006203990 Belgrade TANJUG in English 1425 GMT 30 Jun 90

[Text] Belgrade, 30 Jun (TANJUG)—From August 1 this year, all payments for services between Yugoslavia and the Soviet Union will be made in convertible currencies, the two government delegations decided at a meeting here on Saturday [30 June].

The delegations are also expected to sign a document on early payments on the parts of principal and interest of Soviet commercial loans to Yugoslav enterprises.

The two countries are preparing intensively for turning at the beginning of next year to convertible payments in trade as a whole. At present, their payments for goods and services are made through clearing agreements.

Debt Repayment Timetable Concluded

LD0107163590 Belgrade TANJUG in English 1444 GMT 1 Jul 90

[Text] Belgrade, 1 Jul (TANJUG)—The Soviet Union is as of January 1 next year to begin repaying to Yugoslavia a debt of around two billion dollars, as agreed in the final round of the talks here today between Deputy Yugoslav Prime Minister Aleksandar Mitrovic and Deputy Chairman of the Soviet Council of Ministers and Chairman of the Soviet Foreign Economic Committee Stepan Aramaisovich Sitaryan.

The Soviet side is to pay back in goods in a period of three years. Should it fail to do so, hard-currency payments will be switched to after one year expires, as agreed today.

The two sides have described as highly important the signing of a protocol on an early payment of commercial credits, which practically means that the Yugoslav firms which have taken credits in the Soviet Union will themselves repay 230 million dollars of the Soviet debt to Yugoslavia.

An early payment of inter-state credits to the amount of 650 million dollars has also been agreed, and a protocol on it has already been ratified by the Yugoslav parliament.

Another step along the same line will be the takeover of the Yugoslav debt securities which Soviet banks have bought in London and Paris and the stepping up of the Soviet goods deliveries and the inclusion of Soviet firms in the construction of a natural gas pipeline system in Yugoslavia.

A separate protocol, which was signed by Mitrovic and Sitaryan today regulates a shift to hard-currency payments for services as of August 1 this year.

Shift to hard-currency payments in economic relations between the two countries is expected to be possible as of January 1 next year.

Soviet delegation head Stepan Aramaisovich Sitaryan stated to TANJUG that the bringing closer of the two sides' views on a whole range of concrete issues would help the further expansion and consolidation of the bilateral economic ties. He set out that accord had already been reached on the major open issues.

Expressing satisfaction with the achieved results, Deputy Yugoslav Prime Minister Aleksandar Mitrovic stressed the two sides' readiness, regardless of the current difficulties, to preserve a stable and in volume significant economic exchange, whose annual values stands at 6.2 billion dollars in clearing payments and 700 million dollars in hard-currency payments.

Passport No Longer Required for Foreign Tourists

LD2906104990 Belgrade TANJUG in English 0933 GMT 29 Jun 90

[Text] Belgrade, 29 Jun (TANJUG)—As of July 1, foreign tourists will be able to enter Yugoslavia with only identification papers on them, in keeping with a law adopted by the Yugoslav assembly on Thursday [28 June]. The privilege, which coincides with the year of European tourism, will be in effect until April 1 next year.

The Yugoslav tourist economy this year expects to achieve an overall foreign currency revenue of four billion dollars (including hotel and miscellaneous spending). Last year, 9.1 million foreign tourists visited Yugoslavia and brought the country 2.2 billion dollars.